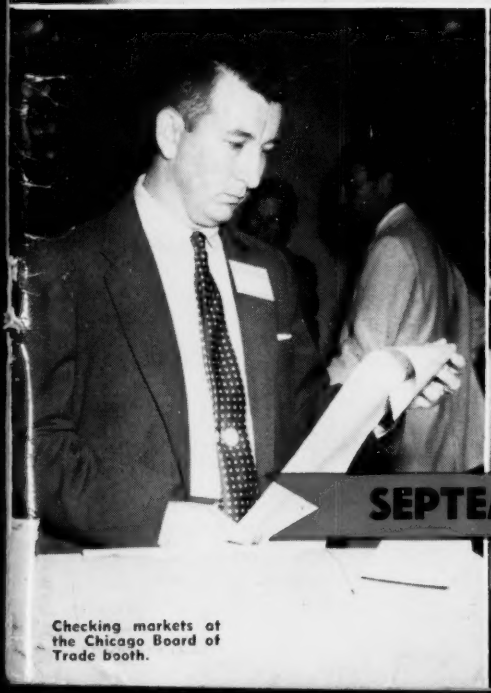
THE Soybean Digest

OFFICIAL PUBLICATION • AMERICAN SOYBEAN ASSOCIATION

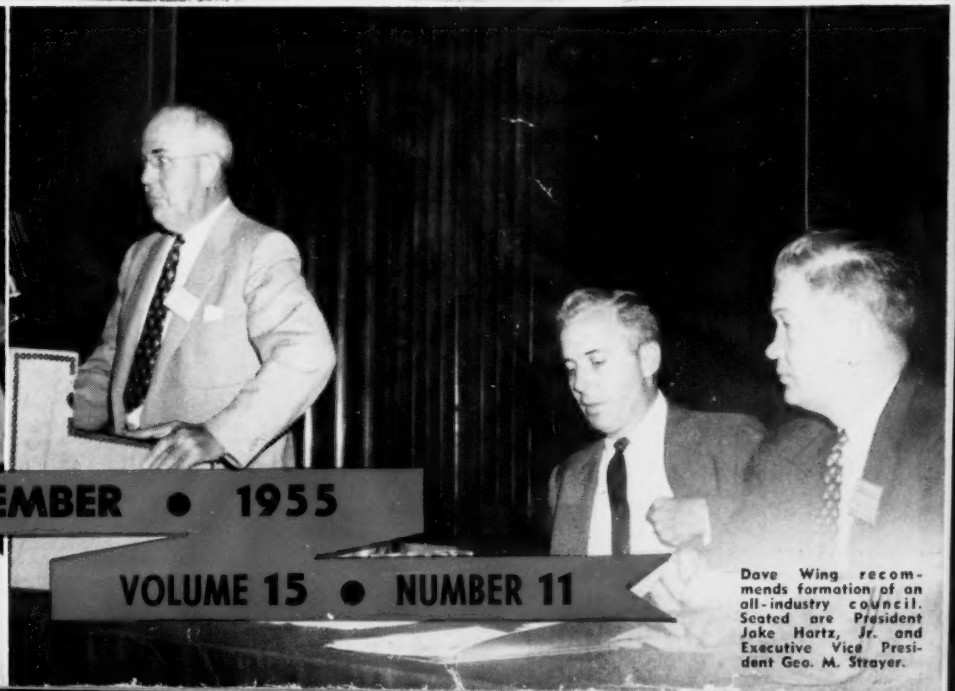
ASA's 35th Annual Meeting

Interested listeners in the balcony.

Checking over soybean cargo samples at the convention are: Henry G. Miller, Garden City, S. Dak.; Harold Lumsden, Essex, Mo.; and K. A. Standing, Chatham, Ontario.



Checking markets at the Chicago Board of Trade booth.

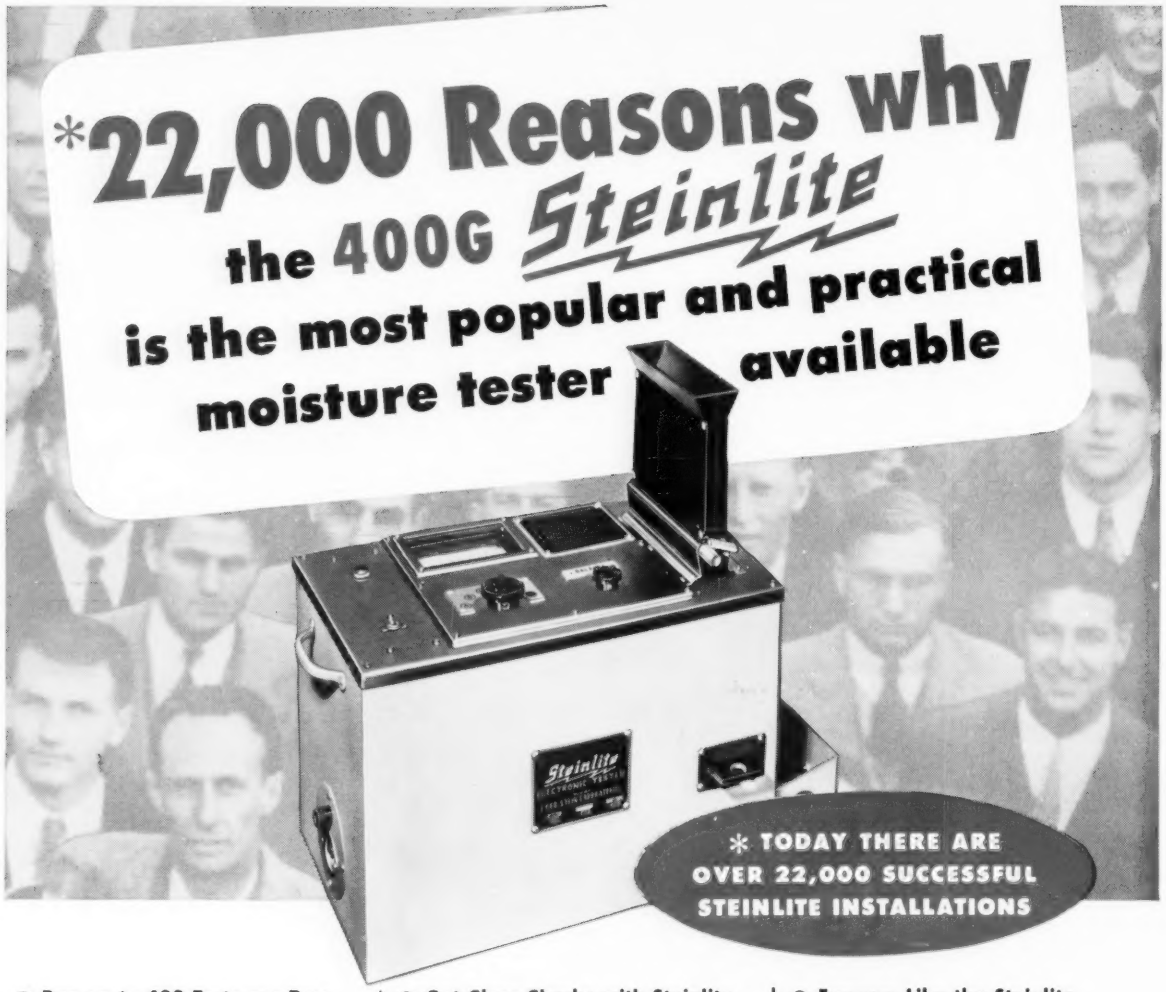


Dave Wing recommends formation of an all-industry council. Seated are President Jake Hartz, Jr. and Executive Vice President Geo. M. Strayer.

SEPTEMBER • 1955

VOLUME 15 • NUMBER 11

*22,000 Reasons why the 400G Steinlite is the most popular and practical moisture tester available



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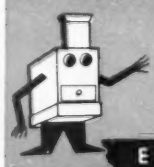

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THE Soybean Digest

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THE SOYBEAN DIGEST

EDITOR ..... *Geo. M. Strayer*

MANAGING EDITOR ..... *Kent Pellett*

BUSINESS MANAGER ..... *Geo. McCulley*

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● ● ●

Objectives of the American Soybean Association include the bringing together of all persons interested in the production, distribution and utilization of soybeans; the collection and dissemination of the best available information relating to both the practical and scientific phases of the problems of increased yields coupled with lessened costs; the safegaurding of production against diseases and insect pests; the promotion of the development of new varieties; the encouragment of the interest of federal and state governments and experiment stations; and the rendering of all possible services to the industry.

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ASA's 35th Annual Meeting

Honorary Life Member—1955

Mr. and Mrs. Geo. M. Strayer

GEO. M. STRAYER, executive vice president and secretary-treasurer of the American Soybean Association and editor of the Soybean Digest, is recognized nationally as an authority on all matters pertaining to soybeans. He perhaps has wider contacts among soybean people than any other man.

George is perhaps the youngest man to receive an honorary life membership up to this time.

Though not old in years, he is a veteran soybean producer. His father, the late B. S. Strayer, was the first man to grow soybeans west of the Mississippi River. George grew up with the crop and watched every step of its development from a little known forage plant to the nation's most important oilseed.

He is associated with Strayer Seed Farms, a family partnership at Hudson, Iowa. The Strayers are producers of seed soybeans and hybrid seed corn. George is executive secretary of Associated Hybrid Producers, an organization of seed corn producers.

Mr. Strayer has been the executive officer of the American Soybean Association since 1940. Under his leadership the Association has developed into the strong, hard-hitting organization with national and international influence that it is today —devoted to the interests of producers and others in the soybean industry.

He founded the Soybean Digest also in 1940, and has acted as its editor since. The only magazine in its field, the Digest has become well and favorably known in the industry.

Mr. Strayer keeps in close touch with developments both nationally and worldwide that may affect our industry. This necessitates spending much time in Washington, D. C.

George has made three trips to Europe in the interest of our industry, in 1949, in 1952, and then again in the summer of 1954 with one of the Eisenhower trade missions.

He is a graduate of Iowa State College, class of 1932.

He was married in 1942 to Jeanne McMahon. Mrs. Strayer is well known to the people in our Association. She was acting executive secretary of the Association while George was with the U. S. Armed Forces during World War II.

Mr. Strayer was chosen an honorary life member of the American Soybean Association at its annual convention in Cincinnati. He was the 20th member so honored.

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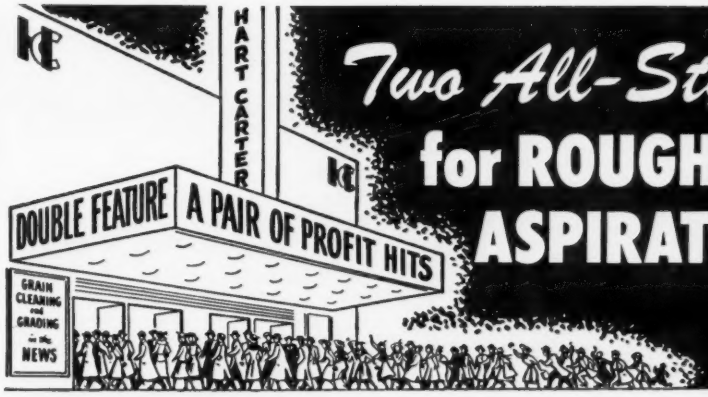

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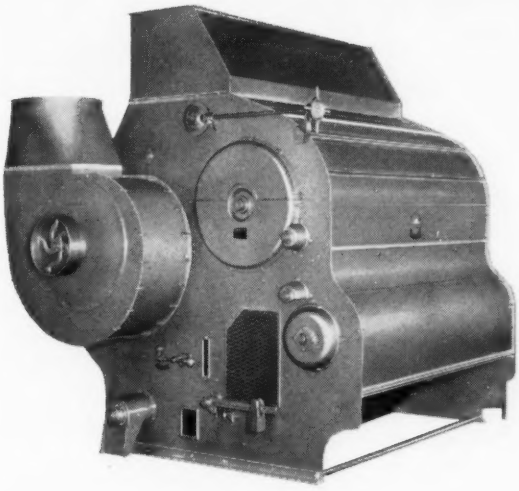

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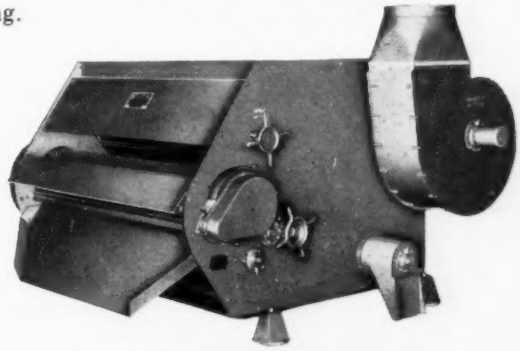
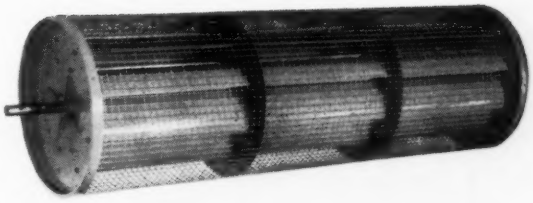
On soybeans going directly to storage the Carter Scalperator does a good job of both rough scalping and aspirating. It removes both coarse and light foreign materials. The Scalperator also is used on beans or grains when they're turned for cooling. Note that this machine can be used on other grains without change of equipment. The 24" x 76" Scalperator is 84" wide, 117" long, and 96" high. The 24" x 60" size of this model is 101" long.



11" x 60" CARTER SCALPERATOR

The 11" x 60" Scalperator is ideal for smaller runs. The 11" x 60" is 79" wide, 89" long, and 48" high . . . fits neatly into work space. The 11" x 42" size of this model is 71" long. All Scalperators are rotary in motion, thus operate without vibration.



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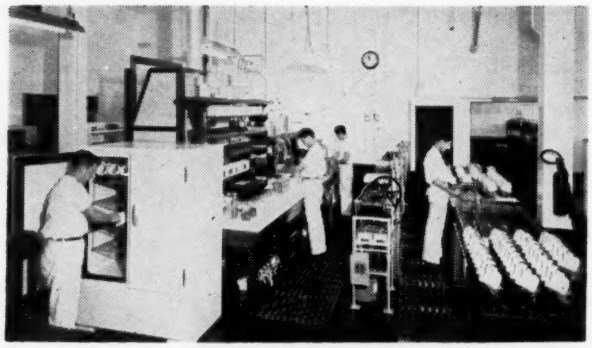

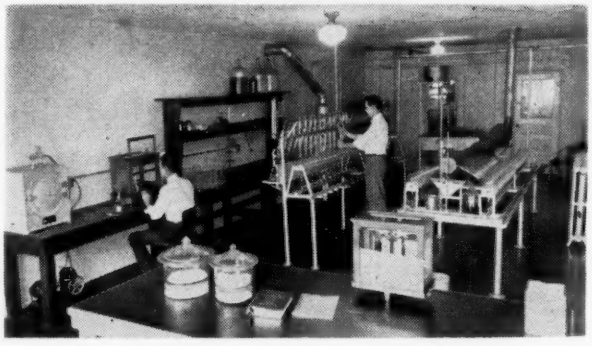

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SPECIAL EDITORIAL . . . . . By GEO. M. STRAYER

Quality Will Pay

Soybean growers who control weeds and who harvest clean, dry soybeans will be given an opportunity to cash in on quality this year. Likewise, the man who brings dirty soybeans to market will take a penalty on them. That is as it should be.

The new grading standards went into effect on Sept. 1. All soybeans sold from that date forward are allowed 1 percent less foreign material than previously. No. 2 soybeans, the standard of trading, will now allow a maximum of 2 percent foreign material.

Several leading processors, following a series of meetings between their representatives and grower representatives, have instituted buying on a No. 2 basis. Others are expected to follow, for competitive reasons. During the past two years bids had been based on No. 1. Accompanying the bids now being offered on the No. 2 basis is a bid on No. 1 beans, varying at this writing from 6 to 8 cents per bushel above the bid on No. 2.

Now, for the first time, it will pay to operate that combine carefully, put the recleaner back on it, take out that grain screen and put the soybean screen in the recleaner, and do everything else necessary to produce quality soybeans. Now it will pay the elevator operator to reclean border-line lots, upgrading them, selling them on the higher grade basis. Processors are happy to pay a premium for lower FM and lower moisture, for they can produce more pounds of a higher quality product from a bushel of No. 1 beans. Producers who market No. 1 beans should demand from their local buyer the premium which is theirs—for the local buyer will receive it when he sells the lot.

For years I have plugged, on these editorial pages, for some type of organization to coordinate the soybean industry. Each segment has been riding off in a different direction. Agreement on this basis of buying came when representatives of growers, handlers and processors sat down together and considered all angles. It is the first tangible result from a series of grower-processor meetings, and should lead directly into the formation of an organization designed to do this and many other jobs which can be done only on an industrywide basis. Out of the joint organizational committee which was authorized by the American Soybean Association and the National Soybean Processors Association at the Cincinnati meetings should come, in the months ahead, the instrument of agreement, promotion, education and legislation which our industry must have if it is to continue growth in our highly competitive agricultural and industrial economy.

When the 1955 crop year ends the spadework should be done, the foundation laid, the initial experience gained, and the industrywide Soybean Council or Institute should be in full operation. That will be a happy day for our industry! Growers, handlers, exporters, terminal operators and processors will all, over a period of time, be given an opportunity to participate in intelligent planning for America's biggest fats and oils and protein industry. To this point our industry has "just growed," and we have reached the point where that is no longer sufficient.

AMERICAN SOYBEAN ASSOCIATION

Late News

Vol. 3, No. 16
Hudson, Iowa, Sept. 14, 1955

Published 32 times yearly as a service to the soybean industry.

USDA LOWERS ITS YIELD ESTIMATE

U. S. Department of Agriculture's Sept. 1 estimate of the national soybean crop is 387.5 million bushels, **down 32.5 million bushels from the Aug. 1 estimate of 420 million bushels—a full 10 percent.** Over 10 million of the decline came in Iowa, down from 24 to 19 bushels per acre.

The crop deteriorated in most soybean growing areas during August and the first week of September, according to our crop reporters. **Some drought conditions are now reported in most soybean growing states** with the exception of the extreme South and Eastern Coastal states—where the hurricanes left it too wet in spots. Moisture appears to be sufficient for the crop in southwestern Ontario. The crop has not been hurt materially in Ohio, though dry spots are reported in most parts of the state.

HARVEST HAS BEGUN

Quite a few beans are being harvested in the southern half of Illinois, with first yields fairly good. There are scattered reports of a few fields of early varieties being combined in many soybean states, including Illinois, Indiana, Ohio, Kansas, Minnesota and the Midsouth. Early yields in Missouri are reported good. A 20-bushel yield is reported at Independence, Kans.

Soybean harvest is expected to begin in volume this week (Sept. 12) in the big bean section of central Illinois. Louis Brewster, General Mills, Inc., Rossford, Ohio, reports a few soybeans have been combined in central western Ohio with the moisture 11 to 11.9 percent. He says there are rumors of a few cars for delivery early this week.

ON-THE-SPOT REPORTS

Arkansas Weekly Weather and Crop Bulletin: A better soybean crop than past few years still in prospect though some deterioration because of insufficient moisture. In irrigated sections or where timely showers have occurred yield prospects are very good.

E. N. Stephens, county agent, Escambia County, Fla., says the yield outlook is the best in seven years.

P. E. Watts, Taylor Oil & Peanut Mills, Moultrie, Ga.: Rains have been good for crop growth. Better yields this year than last (around 15 bushels).

J. E. Johnson, Champaign, Ill.: Very little rain in August, less in September to date. Many beans will run very small. Most fields drying up, not maturing normally. Many of our growers are expecting lower yields than 1954.

K. E. Beeson, secretary Indiana Corn Growers Association, reports a dry, hot August in most of Indiana has reduced the yield prospect two to three bushels and hastened drying.

Glen Pogeler, Mason City, Iowa, reports crop condition there as 50 to 60 percent of normal, with one inch of rain since July. He expects a 15-to-20-bushel per acre yield.

A. L. Persinger, Monona County, Iowa, on the Missouri River bottoms, reports crop condition generally very poor with most fields hurt by dryness and heat. He says yield outlook is 0 to 30 bushels per acre.

M. W. Le Vier, Wichita, says the crop is burned up there though eastern Kansas will make a fair to good crop. The Kansas Weather and Crop Reports indicates a fair crop is in prospect though soy-

(Continued on Page 88a)

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ASA's 35th Annual Meeting

As Seen by the Camera's Eye . . . . .

ASA's Geo. McCulley registers a group.

Discussing some of the cargo samples shown at the convention are Arnold F. Mergell, Hamburg, Germany; Fred M. Tokuyama, Osaka, Japan; and W. A. Sostmann, Hamburg-Harburg, Germany.

Read from left to right on all pictures. Photos by Kent Pellett of Soybean Digest.

Speaker Jason E. Barr, grain division, Agricultural Marketing Service.

"Happy Notes." Tap dancers at the annual banquet.

Earl M. Dean, Mason City, Iowa; and John H. Butterfield, Pana, Ill.

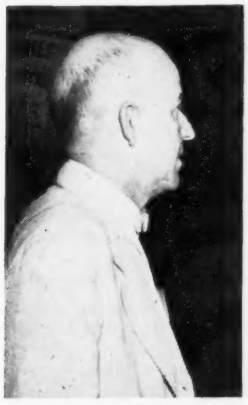
Speaker Guy Chipperfield, International Association of Seed Crushers, London.

R. G. Houghtlin, president of National Soybean Processors Association; Mrs. Jake Hartz, Jr.; and Jake Hartz, Jr., president of American Soybean Association.

ASA Approves Formation Of All-Industry Council

Albert Dimond and H. H. Huddleston are new ASA officers. Dwight Dannen new chairman of NSPA executive committee

New ASA president Albert Dimond, Lovington, Ill.



New vice president H. H. Huddleston, Lamont, Miss.

Mr. and Mrs. Dwight Dannen of St. Joseph, Mo. Dannen was elected vice president and chairman of the executive committee of the National Soybean Processors Association.

FORMATION of an overall soybean industry council to meet industry-wide problems was approved by the American Soybean Association in its 35th annual convention which closed in Cincinnati Aug. 31. The Association empowered its board of directors to proceed with formation of such an organization.

The National Soybean Processors Association, which met in Cincinnati Aug. 29, also gave approval to the general idea of a soybean industry council. A joint committee of the two organizations has been exploring the possibilities of an industrywide organization, which would be similar to many other commodity groups now in existence, since last January. The organization, if it materializes, will be set up jointly by the two organizations.

With the largest soybean crop in history in prospect for this fall's harvest, the industry is faced with a tremendous merchandising problem, one that only the united efforts of the whole industry can solve, Geo. M. Strayer, executive vice president, said in his annual report. Strayer has been a longtime advocate of such an organization.

ASA representatives on the all-industry council committee have been: David G. Wing, Mechanicsburg, Ohio, and Howard L. Roach, Plainfield, Iowa, co-chairmen; Albert Dimond, Lovington, Ill.; John Sawyer, London, Ohio; and H. H. Huddleston, Lamont, Miss.

Albert Dimond, Lovington, Ill., was elected president of the American Soybean Association, succeeding Jake Hartz, Jr., Stuttgart, Ark. Dimond has been vice president during the past year.

Geo. M. Strayer, Hudson, Iowa, was reelected executive vice president and secretary-treasurer. H. H. Huddleston, Lamont, Miss., was elected vice president to succeed Dimond.

Reelected directors for two-year terms were Hartz; Dimond; Chester B. Biddle, Remington, Ind.; Giles De Putter, Appin, Ontario; John W. Evans, Montevideo, Minn.; Harold Lumsden, Essex, Mo.; Roach; C. G. Simcox, Assumption, Ill.; and Sawyer.

Ersel Walley, Fort Wayne, Ind., was reelected for a one-year term.

Twenty-six states, the District of Columbia, and Canada, Japan, Germany and England were represented at the meetings.

A trip to Ivorydale and a reception for convention attendants were sponsored by Procter & Gamble Co., at Cincinnati.

A special feature for the ladies, of whom a relatively small number attended this year, was a three-hour steamboat trip on the Ohio River.

Novelty numbers by Elmer Hinkle and his "Musical Happy Notes," a talented group of young people who did musical and baton numbers and tap dances, were presented at the annual banquet.

Convention Committees

Convention committees included:

Convention: Geo. M. Strayer, Hudson, Iowa, chairman; David G. Wing, Mechanicsburg, Ohio; and John Sawyer, London, Ohio.

Nominations: Chester B. Biddle, Remington, Ind., chairman; J. E. Johnson, Champaign, Ill.; David G. Wing, Mechanicsburg, Ohio; Paul C. Hughes, Blytheville, Ark.; and Dr. John Gray, Baton Rouge, La.

Resolutions: John W. Evans, Montevideo, Minn., chairman; O. H. Acom, Wardell, Mo.; Carl Simcox, Assumption, Ill.; LeRoy Pike, Pontiac, Ill.; Howard L. Roach, Plainfield, Iowa; Gilles De Putter, Appin, Ontario; Herbert Huddleston, Lamont, Miss.; Harold Lumsden, Essex, Mo.; Glenn Pogeler, Mason City, Iowa; and A. H. Probst, Lafayette, Ind.

Processor Meeting

The National Soybean Processors Association annual meeting and that of the National Soybean Crop Improvement Council immediately preceded the ASA convention for the second year.

R. G. Houghtlin was reelected president of the Processor Association.

Dwight L. Dannen, St. Joseph, Mo., was elected vice president and chairman of the executive committee, succeeding W. E. Huge, Fort Wayne, Ind.

E. A. Cayce, St. Louis, Mo., was elected secretary, succeeding R. G. Golseth, Danville, Ill.

H. A. Abbott, Bloomington, Ill., was reelected treasurer.

Report of the Executive Vice President and Secretary-Treasurer . . . . . Geo. M. Strayer

Need Industry Council For Vast Selling Job!

ASA's 35th Annual Meeting

Sees 100 million bushels annual exports in the not-far-distant future

IF THERE is any one thing characteristic of the soybean industry and the work of the American Soybean Association it is that from day to day, week to week and year to year the work varies.

Remember our convention at Lafayette three years ago? Major point of discussion was ceiling prices and how we might get rid of them. Soybean oil meal was being blended with ground corn and with other commodities in order to merchandise it outside the ceilings then applying on straight meal.

Remember the 1953 convention at St. Louis? Full realization had not been given to the crop damage, and we were talking about a 329 million bushel crop, surpluses and support prices. Shortly afterward the crop estimates began to slide, and we actually harvested only 262 million bushels of soybeans. Instead of the support prices about which we had been worrying we saw $4 soybeans from that crop.

Then a year ago at Memphis we talked about the huge acreage increase and the damage from drouth. The crop moved at a reasonable level during the harvest season, then prices began a downhill slide which persisted for months. It turned out to be one of the few years when it did not pay to store soybeans and current indications point toward a rather wide discrepancy between governmental crop predictions and the bushelage of soybeans actually harvested.

Now as we gather here in Cincinnati in 1955 we have a still different set of problems facing us. If variety is desirable, then certainly we have it in America's soybean crop and the problems facing us.

The 1954-55 fiscal year of the American Soybean Association has been an interesting one. It has brought more of the changes and adjustments which many of us anticipated much sooner after the postwar adjustments started. In our efforts to bring consumption and production into balance in wheat, corn, cotton and a host of other crops we have allowed soybeans to take over a good portion of the acreage. It becomes increasingly apparent that we have now about reached the place where we cannot continue to increase soybean production each year as rapidly as we have in the past three years. Perhaps we have reached the place where we must consider measures not practical up to this time. Even in soybeans it is not possible to keep expanding indefinitely without encountering difficulties.

Congress will, apparently, give serious consideration to possible changes in our federal farm program at the session starting next January. We must give serious consideration to what part we want soybeans to play in that program. We must be prepared to counsel with members of Congress on our ideas, and we must be prepared to stand up and fight for them. The basic principles of legislation laid down in 1956 will probably be with us for years to come, so we must be prepared to represent the interests of soybeans well and vigorously.

Cottonoil Stocks

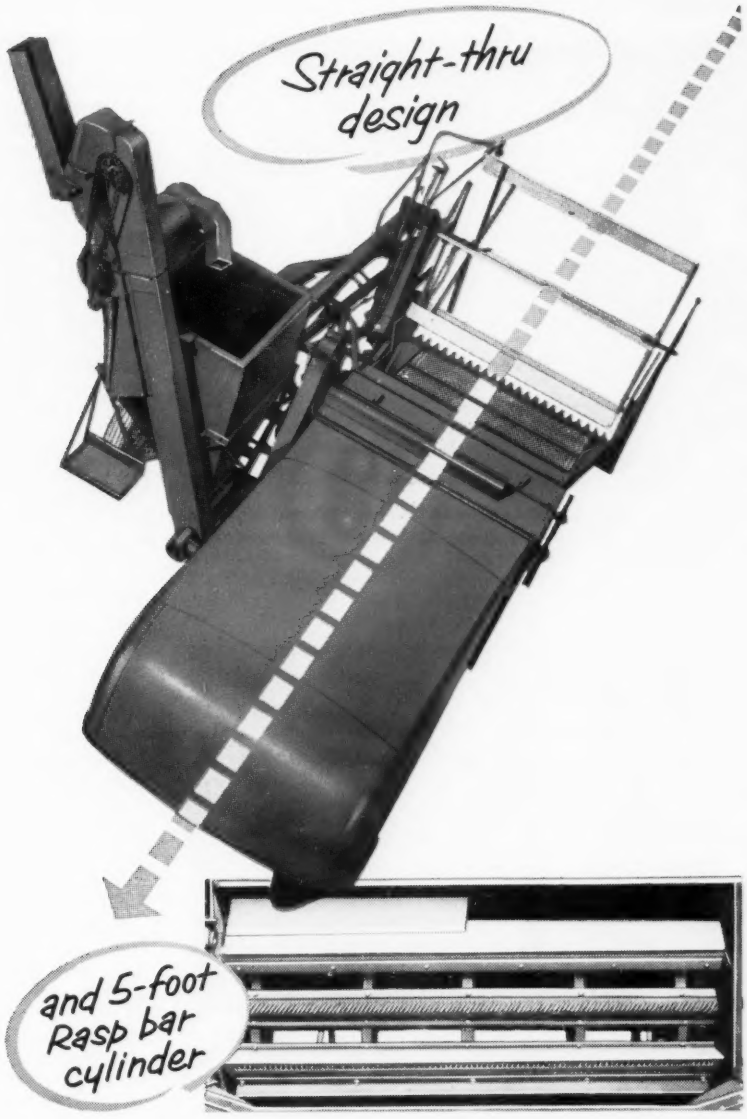
Last year when we met at Memphis the federal government owned vast quantities of cottonseed oil. Today those stocks are gone. Large tonnages were placed in the export markets of the world. Along with that tonnage of cottonseed oil we will have sold approximately 55 million bushels of 1954-crop soybeans into export markets—about 15 million bushels above the highest previous figure. In my estimation we have not given proper recognition to the fact that we are in the export business in a big way and that from 1955-crop soybeans, at a lower support price level, and with no CCC cottonseed oil stocks with which to compete, we will become exporters on an even greater scale. In planning the program for this convention one session was devoted to export markets because they will become of increasing importance to us.

Back in 1949, while in Germany where Jack Cartter and I had been sent to do an ECA Technical Assistance study, I wrote an article for the Soybean Digest in which I predicted that there was a market for 100 million bushels of soybeans per year in the European countries, and that if we treated the market as it had a right to expect, we could supply a major portion of that tonnage. There were many people who thought I had gone off the deep end. This year we went over the half-way mark in total exports, and I predict that from 1955-crop soybeans we will see the largest export, by far, of any year in history. The time is not so far in the future when we will reach an export figure of 100 million bushels of soybeans and soybean products going into the markets of the other areas of the world.

This has been a legislative year. Congress has been in session, but only very limited consideration has been given to farm matters, and thus the Washington contact work has not been as heavy as at some times in the past. Your president and I have made several trips to Washington during the year, and I have made additional trips. During the next fiscal year this work on the federal level will, I am sure, be much heavier. During this past legislative year we did succeed in preventing passage of proposed legislation against vegetable oils in food products in Missouri, and we cooperated with other organizations in legislative efforts in several other states. One of our big state jobs remains ahead of us—the establishment of proper standards for mellorine in the state of Illinois.

Grade Changes

One year ago this convention passed a resolution instructing the officers to draft a request to the grain grading branch of the Department of Agriculture to hold public



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LOOK at the capacity increase in this new Clipper "50." Almost 20% in the new full-width strawrack — 20% in the chaffer. New 5-bladed fan . . . new chain-driven shaker — longer, bigger units that mean more soybeans in the bin, more profit from your harvest.

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See your Massey-Harris dealer for complete information on the new Clipper "50" . . . the 3-point combine designed and built by the makers of the world's leading S. P. and pull-type combines. For free catalog, write The Massey-Harris Company, Dept. J-210, Quality Avenue, Racine, Wis.

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A discussion in the hall; Martin Sorkin, USDA; Willard Lighter, Glidden Co.; Gene Cottle, A. E. Staley Manufacturing Co.; and James A. Tyvand, Longstreet, Abbott & Co.

Agronomists report on weed control practices in the various states at the National Soybean Crop Improvement Council meeting Aug. 29 and 30. At left, O. W. Leutkemeier reports for Indiana. Seated are Drs. Roy V. Olson of Kansas and F. C. Keim of Nebraska. At right, C. D. Hoover reports for Mississippi. Seated is E. E. Hartwig of the Delta Branch Experiment Station.

Chester B. Biddle family of Remington, Ind., at the convention: Daniel William, Suzanne, Mrs. Biddle and Chet.

hearings on a proposal to lower the allowable percentage of foreign material in each numerical grade on soybeans by 1 percent. Those public hearings were requested, were held, and the proposed changes in foreign material allowances were adopted and become effective immediately following this convention. Now we are confronted with the job of seeing that those changes are made to work for the benefit of the parties concerned, including producers, handlers, processors, exporters and export buyers. We must be sure that the grades are not abused, and we must be vigilant in our efforts to see that they are correctly administered. We must cooperate in any way possible with the people who are charged with the responsibility of administration of these grades, and we must especially watch the sampling and grading of export cargoes on this score.

Vast Job to Do

Our Association has a vast educational and public relations job to do with foreign buyers. You have heard the remarks of Mr. Chipperfield, representing the European oilseed mills, and Mr. Hirano, representing the Japanese mills. We must recognize that today a buyer's market exists, and we must do everything we can to assure proper administration of the grades under the new standards. Our system is not perfect. We must admit it, and make it as nearly so as possible. We must remember that our soybean crop is mechanically harvested and handled, and that we must compete with a crop that is produced, harvested and handled by hand methods. We must make our product the very best possible, and we must at the same time demonstrate to buyers that what they are getting is a practical application of the results of our methods. Not that we have tighter standards; we must make them work.

We must also recognize that there is one great unsolved problem. Broken particles of soybeans which pass through $\frac{9}{64}$-inch round hole screen are still to be classed as foreign material. They are not foreign material, for they produce soybean oil and soybean oil meal. They are incorrectly classified when they are shown as foreign material, and we must assist the Department of Agriculture men who promulgate and administer the federal grades in finding a practical method of eliminating broken particles of soybeans from consideration as foreign material. When we can develop a practical means of doing that job—a practical means of separation at all levels of trading—then we will have solved the major grading problem of our industry. Much of our present displeasure with soybean grades has stemmed and will con-

tinue to stem from classification of broken soybean particles. It is my suggestion that the Association put all possible effort in this direction, and that the aid of all possible agencies be enlisted. It is not fair to producers and country handlers of soybeans that those broken particles of soybeans which make meal and oil when processed are considered as foreign material when the beans are sold. Trading in soybeans would be much simplified both on domestic and export sales if foreign material classification included only that material which is truly foreign, and not those pieces of soybeans which have suffered mechanical breakage.

For several years I have pointed out at this meeting the desirability of formation of an industrywide organization to carry on the promotional and educational work which our industry needs. The soybean industry has now reached the point where we are faced with a vast sales and promotional job. No longer is there someone waiting at the door eagerly ready to take away the meal and oil produced from our soybeans. We must begin to do as many other industries have done—we must be prepared to sell and sell and sell. For some months a joint committee from this Association and from the National Soybean Processors Association has been meeting on this subject, and on this past Sunday the boards of directors of the two Associations spent several hours in joint meeting. Full report will be made today, together with suggested action by this group. It is my personal feeling that we have finally reached agreement on an industrywide Council or Institute, and that we must now move ahead just as rapidly as possible. It is imperative that we make the necessary moves before our industry finds itself in serious trouble. The time is NOW.

Funds Were Limited

It has been necessary for your Association to operate with rather limited funds during the past year. Revenue from advertising in both the Soybean Digest and Soybean Blue Book was down from last year's level, reflecting the general decrease in trade magazine advertising, and especially the lack of expansion in the soybean processing industry, and the low margins in that industry which reflected back in lowered levels of buying of equipment and supplies.

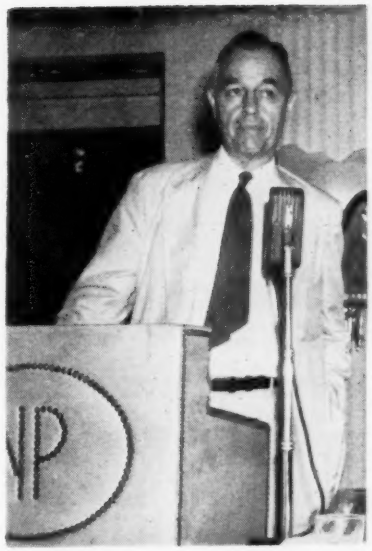
Sales of memberships and subscriptions to the Soybean Digest have been the highest in our history. Our paid subscription list is the largest it has been since the Soybean Digest was started in 1940. Distribution of copies of the 1955 edition of the Soybean Blue Book has also been the largest in our history. Late News, our periodic newsletter issued 32 times per year, has continued to show progress and income from subscription sales which ran somewhat higher than during the previous year.

However, expenses have continued to go to higher levels. In spite of everything we could do to hold costs to a minimum we were not able to represent the soybean growers of the United States as they should be represented and stay within our income. After making allowance for a decrease in inventory of approximately $1,000 our annual audit shows the net worth of the Association to be $3,216.33 less than it was a year ago on Aug. 15. We cannot continue to operate on this basis, and it is my sincere hope that if and when the proposed industrywide organization is established provision will be made to assume the cost of some of the legislative and promotional work the American Soybean Association is now doing. That work benefits the entire industry, and it should be financed accordingly rather than by the relatively few people who comprise the Association membership.

As is always the case as time marches onward, our industry has lost through death some of the men who have helped make it the 400-million-bushel crop which we have predicted for this year. Among them was L. D. Stoner of Holly Bluff, Miss., a former member of the board of directors of this Association, and one of the pioneer growers of soybeans down in the Mississippi Delta area. Also among those to pass into the great beyond during the past year were Adrian Joyce, founder and president of the Glidden Co., and one of the pioneers in the development of food and industrial products from soybeans. There were others of whom we do not have record, and to these men who helped build our industry to today's stature we should recognize our debt.

This is my 15th report to you as your secretary. In bringing it to a close I want to pay tribute to those men who have served as officers and directors of this Association through that period of years, and especially during this past year. I have been, in one way or another, associated with a number of organizations in a number of industries. In none of them have I ever encountered a group of men who have been so willing to serve of their time and effort as has the group of men connected with this organization. Your president during the past years, Jake Hartz, Jr., has contributed much time and money to further your interests. Albert Dimond has gone far beyond what is normally expected of the vice president and has made many contacts in behalf of your interests. To both of these men I want to extend my most sincere personal thanks for the guidance and assistance which they gave to me.

To the members of the committee which has been meeting periodically with representatives of the processors, I want to extend my thanks and congratulations. Howard Roach, Dave Wing, Herbert Huddleston and John Sawyer have contributed much toward progress, and their rewards will be harvested as they see the industry progress during coming years.



Charles P. Taft expounds his ideas on world trade as they affect the soybean producer, at the annual banquet.

To Chet Biddle, John Evans, Harold Lumsden, Ersel Walley and the other men who have served on committees, have taken their time to attend board meetings, and have done footwork and contact work for the Association, we also owe a debt of gratitude. Unless you have at some time served on the board of directors you have no conception of the amount of time and effort which is required. These men serve you well, and they should have your thanks for having done so during the past year.

To Kent Pellett, George McCulley, Del Cobie and the other members of the office staff who have made the accomplishments of the year possible I want to extend my most sincere thanks. Your cooperation is appreciated. To all other persons who have in one way or another contributed to the work of the Association, and whose names I may have omitted, my personal thanks. We trust the year has been one of which you can be proud, and I sincerely hope that as we gather for the 1956 convention we will have made that one big step forward to complete the organizational structure of our billion dollar industry. Let's all put our shoulders to the wheel and get that job done. — *Geo. M. Strayer, executive vice president and secretary-treasurer, American Soybean Association.*

RESOLUTIONS

Elimination of barriers . . . importance of exports . . . better trade practices . . . duty on Canadian seed . . . No. 2 bid basis . . . change from bushel to hundredweight

John W. Evans, chairman of the resolutions committee.

BE IT RESOLVED by the 35th annual convention of the American Soybean Association assembled Aug. 30 and 31 at the Netherland Plaza Hotel, Cincinnati, Ohio:

We thank the many speakers, governmental and private, who have contributed their time and talent in appearing on our program. Especially do we wish to show our deep appreciation to Mr. Guy Chipperfield, London, England, president of the International Association of Seed Crushers; to Mr. M. Hirano, president of the Association of Oil and Fat Manufacturers, Tokyo, Japan; and to Mr. Ichiro Kashiwagi, manager New York branch, Tokyo Food Products Co., Ltd., for their contributions. We feel honored at this convention by the worthy representatives present from Germany, England, Holland, Japan, France, Canada and other countries.

ASA's 35th Annual Meeting

We wish also to thank Procter & Gamble Co. and the many business groups in Cincinnati who have helped provide entertainment and courtesies for the delegates and especially the ladies at the convention.

Foreign Relationships. Trade is a great force in bringing the peoples of the world together. May we eliminate all barriers possible that greater exchange of ideas and material benefits may create a better world in which to live and thereby aid in the accomplishment of peace.

Exports. We appreciate the exportation of some 50 million bushels of soybeans which doubtless prevented a collapse of our domestic prices and has eliminated all prospects of a carryover of the 1954 crop. With the increased acreage in 1955 and probable considerable increase of production we urge development of all possible export outlets that will remove all excess production beyond the domestic processor requirements. We insist that any excess production shall not endanger the domestic price of the American grower of soybeans. Should the 1955 crop show signs of a burdensome surplus we recommend that soybeans be placed on the list of American farm commodities favored by inclusion under Public Law 480.

Trade Practices. We urge development of improved sales methods, trade practices and customs regulations that will create a higher rating and better trade acceptance for the American soybean in the world markets. We are sending too many low grade and inferior beans to foreign purchasers.

Imports. Whereas American farmers in many areas find it advantageous to use soybean varieties produced by Canadian neighbors on the North and there exists an import duty of 2 cents per pound on such importations, we recommend this tariff charge be eliminated on any registered or certified soybean seed of desirable varieties that are desired by our American farmers.

Grades. We recommend and urge that all bids offered to the trade by processors, buyers and handlers of soybeans buy on the basis of No. 2 grade with suitable premiums offered for soybeans that qualify for No. 1 grade. This will place the differential of price between No. 2 grade and No. 1 grade in the status of premium instead of discount which is the case when bids are offered for No. 1 grade. It is our opinion that this action will promote good public relations between processors and country elevators and will encourage growers to strive for the premium offered for No. 1 grade more than imposing a penalty for No. 2 grade.

Research. Since the soybean has become a major crop in the U. S. we ask for extended research by federal, state and private agencies. Particularly do we call attention to greater industrial and food utilization of our soybean oils.

Domestic. We favor a study of the subject of changing the buying basis for all grains from bushels to hundredweight (cwt.) basis. This study to be conducted by the U. S. Department of Agriculture along the lines recommended by the American Feed Manufacturers Association.

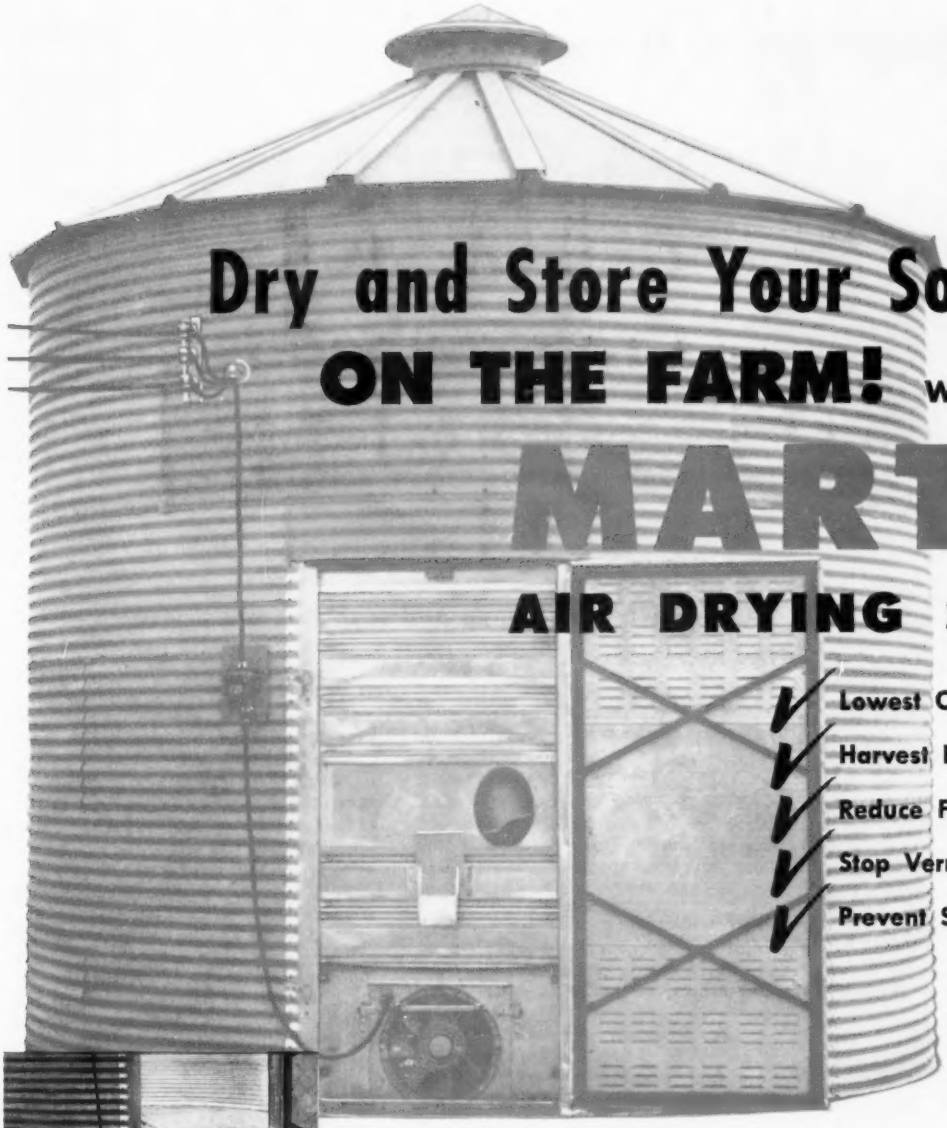
We approve all efforts to hold our present large market outlets for protein feeds in livestock rations. For human use of vegetable oils we pledge support in the exploration of markets with special emphasis on the domestic front for frozen dessert legislation.

We reaffirm our former position that no products such as shortening extenders be incorporated into an American food that has not been conclusively proven to be nutritious and in the interests of consumer health. —*John W. Evans, chairman, Minnesota; Howard Roach, Iowa; O. H. Acom and Harold Lumsden, Missouri; Carl Simcox and LeRoy Pike, Illinois; Gilles De Putter, Ontario.*

S. O. Sorenson, Western Rubber Products Co., and O. H. Acom, Wardell, Mo.

Some of the visitors at Ivorydale Plant of Procter & Gamble Co.

Dry and Store Your Soybeans ON THE FARM! WITH A MARTIN AIR DRYING SYSTEM



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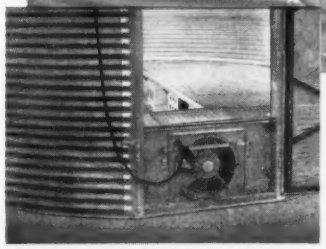
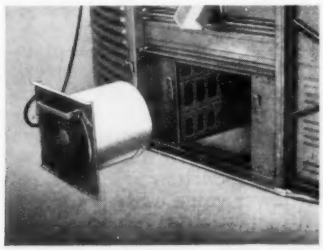


High pressure fan forces volumes of air through beans to remove moisture. Center perforated plates removed to show plenum.



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Your beans will make more for you when you harvest them on your own schedule, condition them in your own bins, and store them on your own farm until the market is best for you. Why split your profits by paying someone else to dry and store your beans? Or worse yet, why dump them on the market at a ridiculous price when you can multiply your profits by storing them yourself for a few months? Your bean storage charges would soon pay for a Martin Harvest Hoarder that will safely dry your beans — or any grain crop — with economical, unheated air. Harvest Hoarders measure up to all government storage requirements, too. Get the facts today!

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OUTLOOK

ASA's 35th Annual Meeting

What Will We Get for 1955-Crop Soybeans?

By T. A. HIERONYMUS

Associate Professor, Department of Agricultural Economics, College of Agriculture, University of Illinois

Oil and meal markets are large enough to absorb a 400-million-bushel crop and soybeans are priced to move

THE 1955-CROP soybean prices are more than usually difficult to forecast. In forecasting prices with mathematical formulas, we are guided exclusively by past experience. This year the supplies of soybeans are much greater than any that we have seen in the past. Accordingly, we are outside the limits of our experience and our usual forecasting techniques are, therefore, not very reliable.

Determined by Product Values

The price of soybeans depends on the combined value of the oil and meal made from each bushel of soybeans. It is sometimes suggested that farmer holding, speculation in futures markets, and Commodity Credit Corp. loan values are important influences in the price of soybeans. These things are of some importance in establishing the seasonal variation of soybean prices but are not important in establishing short-time levels. The users of oil and meal are not impressed by speculation and the like.

The Aug. 1 estimate of soybean production was 420 million bushels. This is by far an alltime record. If we allot 30 million bushels to seed, 25 million bushels for a minimum carryover, and forecast exports at 75 million, there will be about 290 million bushels available for crushing. This size crop will make 6,840,000 tons of meal and 3.2 billion pounds of oil.

The key question in the outlook for soybeans this year is: Will the market for oil and meal absorb these record quantities?

In the past we have been able to use up ever-increasing quantities of soybeans. In 1945 the prospect of a 343-million-bushel crop would have overwhelmed any forecaster, yet the record 1954 crop is being used up. While 420 million seems like a tremendous amount, we should at least look at the possibility of not more than a minimum carryover Oct. 1, 1956.

Oil Prospects

Certain basic facts about U. S. production and use of edible fats and oils dominate the marketing problem.

First, production of edible fats is larger than domestic requirements. Four fats comprise 90 percent of the U. S. production. The average amounts of each produced in the five crop years beginning Oct. 1, 1949, were: butter, 1,581 million pounds; lard, 2,334 million pounds; cottonseed oil, 1,729 million pounds; and soybean oil 2,614 million pounds, for an average annual total of 8,258 million pounds. The total edible fats and oils produced for these five years averaged 9,086 million pounds.

Average domestic disappearance of the four major fats for the above five-year period was about 6,858 million pounds, or 83 percent of production. The difference between production and disappearance was 1,400 million pounds or 20 percent of domestic disappearance. Production and disappearance are increasing at about the same rate.

Second, production of edible fats is not readily adjustable. Butter production appears to be declining very slowly. Because of the great difference in price between butter and other edible fats, butter production does not respond to the overall supply situation. Cottonseed oil is a byproduct of cotton production. The volume of oil production depends upon cotton production which, in turn, is not related to supplies of fats and oils. Lard is a byproduct of hog production. The price of lard has very little effect on hog production.

Soybean oil is a joint product with soybean oil meal. We have a rapidly expanding market for soybean oil meal in the U. S. We apparently need more high-protein concentrates than we now have. Soybean oil production is stimulated by soybean meal requirements, and more recently by the price support program for cotton, wheat and corn. The latter is likely a passing influence.

Third, domestic demand for edible fats is inelastic; that is, consumption changes very little in response to changes in price. We use a minimum quantity of fats in our diets and want this much badly, but any more is objectionable. Food use of all fats and oils has remained stable at about 43 pounds per capita for the past 20 years. We can expect, therefore, that the domestic utilization of fats and oils for food uses will increase at about the same rate as population.

These three facts lead to one definite conclusion: We must either export our surplus fats or move them into nonfood uses. It is not clear what nonfood uses could absorb them. Certainly it would take a drastic price reduction to move them into the lower value uses.

The key market for U. S. edible fats and oils is the world market. U. S. production is an integral part of world production, and the balance between world production and re-

quirements is as important to soybean producers as is that in the United States. We are a part of the world fats and oils market.

In the year ahead supplies of the big three edible fats will total—including this year's carryover—about 8.4 billion pounds compared to 8.2 billion pounds in the year ending Oct. 1, 1955. Domestic use is increasing about 250 to 300 million pounds per year. Our exportable surplus is down very slightly from 1954-55. It will be, however, the second largest amount available for export on record. Can we sell this large amount abroad?

Olive oil production will be up in 1956 from the 1955 levels. Oilseed crop conditions throughout the world are generally very good.

There is room for an increase in per capita consumption of fats and oils in many areas of the world. And peoples throughout the world, particularly in Asia and Russia, are bringing pressure for better diets. World population is increasing at a comparatively rapid rate.

Europe in particular, and the world in general, are enjoying a high level of prosperity.

The world supply-demand balance for the year ahead is about the same as this year. I foresee no reason for change in world levels of edible fats and oils prices. To me this means a price of about 10½ to 11 cents per pound for soybean oil, bulk Decatur.

Russia is the big question mark in world oil demand. In 1953 Russia secured sizable quantities of oil from China. In 1954 and 1955 the Russion oil deficit was made up, indirectly, with U. S. cottonseed oil. Neither of these sources is available for 1956. If Russia comes into the world market for substantial quantities, the prices that I have indicated may prove to be too low.

Thinking in a world fats and oils context, 50 million bushels of soybeans in the U. S. is a relatively small amount. While some oils may be accumulated this year, I think there is a basically adequate market in the world for our exportable surplus.

Meal Prospects

There is a basic shortage of high-protein feeds in livestock diets. We are now using about one and one-half times as much high-protein concentrate per animal as we did 15 years ago. This increase has been absorbed at prices of soybean oil meal that have been increasing slightly in relation to feed-grain prices.

The increase is at a rate of about 3 percent per year. That is, each year about 3 percent more high protein per animal unit can be absorbed without an offsetting decrease in price, all other things remaining equal.

For the past four years there has been less soybean oil meal used per animal unit than in 1950-51. We have used less because it has simply not been available. The only year of meal abundance was 1950-51. In the year ahead there will be about 16 percent more meal than in 1950-51 but only 7 percent more per animal unit.

Look at it in this context. The record quantities in the year ahead do not seem to be greater than can be absorbed at relatively favorable prices.

What price? On the basis of the 1950-51 experience, meal can be expected to average $51.50. This figure simply adjusts the 1950-51 price down by the amount of the declines in livestock and feed prices.

On the basis of relative supplies and prices of feed grains that I anticipate in the year ahead, meal can be expected to average $52.75. The price of soybean oil meal is not closely related to prices of feed grains but in years in which both are relatively abundant meal tends to have a fairly stable relationship to corn. Incidentally, this anticipates about 1.25 to 1.30 for No. 3 corn, Chicago.

On the basis of mathematical regression equations — this is a technical forecast—meal can be expected to average $50.25.

None of these methods is very good when applied to the year ahead. The significant thing about them is that they all put the price in the $50 to $53 range.

Soybean Prices

Combined values of oil and meal at the prices I have indicated amount to about $2.35 per bushel. From this we must subtract the crushing margin. At yields of 47 pounds of meal and 11 pounds of oil, I expect a crushing margin of about 23 to 25 cents per bushel.

This margin is larger than it has been in the past three years but is well below currently popular computations of soybean processing costs. A larger margin than I have indicated would attract new plants to an already over-expanded industry.

Two-hundred-ninety-million bushels is near capacity of efficient crushing capacity. It is on the basis of this that I forecast relatively favorable crushing margins. The crushing margin depends upon the quantities of soybeans to be crushed in relation to the facilities available to crush them.

There will likely be a substantial harvest movement which will result in an easier inventory situation for soybean processors in the year ahead. There is a big crop in the areas that usually sell soybeans early.

Seasonal Variation

The year ahead can be expected to have a more normal seasonal variation in prices than the year just ending. Fairly sharply depressed prices at harvest appear likely. Prices will need to be reduced to get the crop under cover. In this connection it should be kept in mind that a larger-than-usual share of the crop is in the southern part of the soybean belt where there are less facilities available for storage.

The shipments of soybean oil meal from processing plants in May and June were the largest on record for those months. After having been priced too high for most of this past year, soybean oil meal and mixed feed prices have finally declined to levels at which large tonnages can be moved. We will go into the 1955-56 season with low-priced meal and a high utilization rate. This is the most important ingredient in seasonal increases in prices.

Our supplies of oil will seem very large. If the export volume that I anticipate materializes, these huge supplies will dwindle at a rapid rate.

When utilization rates are high, big crops do not last as long as seems likely. The tail end of a large crop usually appears much smaller at the end of the season than it does at the beginning.

Conclusion

A forecast such as I have made is a risky business. We have no precedent for meal price behavior at these levels of supply.

We cannot be sure how well livestock prices will hold up under the huge supplies that are bound to result from the tremendous inventories of feed grains that we now have.

A soybean crop of 420 million bushels is not yet made. In the past there have been weather patterns in August and September that have materially reduced the soybean crop. Four-hundred-twenty-million bushels seems an upper limit to me.

Certain basic points stand out:

1—Soybeans are not in fundamental surplus. The oil and meal markets are large enough to absorb a 420-million-bushel crop.

2—There is an adequate world market for oil and our oil customers are enjoying a high level of prosperity.

3—After a very unfortunate experience, U. S. oil prices are back in line with world levels. The product is priced to move.

4—There is a basic need for more soybean oil meal. How well it will be absorbed depends importantly on how well greater livestock production will be absorbed. There are 165 million very prosperous food users in the U. S. who are willing to spend liberally for food.

5—A realistically low support price on soybeans has been maintained. Thus far soybeans have not been priced out of consumption as has been the case with other major crops. I think we can again move a record crop, and not impound important quantities into the loan.

ASA's 35th Annual Meeting

How Much Soybean Oil Meal Can We Utilize?

We may have a crush of 450 million bushels by 1975

By **FRED H. HAFNER**
General Mills, Inc.

I HAVE confined my remarks to the use of soybean oil meal as an ingredient of animal feeds. I have not explored the use of soybean oil meal as an industrial protein.

The use of soybean oil meal as an ingredient of animal feeds has increased steadily since its introduction about 35 years ago. The highest usage recorded was during the 1950-1951 crop year when 5.7 million tons of soybean oil meal were fed. See Table No. 1.

The prospect of a 400-million-bushel soybean crop plus a substantial increase in the number of grain-consuming animal units to be fed point to the probability of a record-breaking consumption of soybean oil meal during the 1955-1956 crop year. The quantity consumed probably will exceed 6 million tons. The purpose of this paper is to explore the use-potential for soybean oil meal in feeds over the next 20 years.

Soybean oil meal consumption is keyed *in part* to animal production trends—likewise, animal production is keyed *in part* to population trends. I say *in part* for there are numerous factors that affect soybean oil meal usage other than animal production and population trends. I have purposely taken a simplified approach in order to arrive at a specific figure for the number of tons of soybean oil meal that can be utilized in feeds by 1975. Once the figure has been computed, the effect of the other factors that might enter in to increase or decrease soybean oil meal consumption can be evaluated.

Population vs. Animal Production

Kiplinger's Washington Letter of Dec. 24, 1954, estimated the 1954 population of the U. S. A. at 164 million, and predicted that by 1975 the population would increase to about 220 million. Using Kiplinger's figures in conjunction with Bureau of Census figures, I plotted the population trend line in the U. S. from 1900 to 1975. On the same graph, I plotted the number of grain-consuming animal units that were fed from 1909 to 1954.

There appeared to be a direct correlation between the trend lines for population and animal units fed. In projecting the trend line to 1975 for animal units fed, I discovered that the two lines intersected at 1975. In other words, by 1975, 220 million animal units would be fed to meet the demands of 220 million people. In 1950, 172 million animal units were fed to meet the needs of 150 million population. Apparently, the trend in animal production is toward increased efficiencies, especially in milk and egg production, and in production of meaty animals.

Oilseed Meals Consumption

Oilseed meals include soybean oil meal, cottonseed meal, linseed meal, peanut meal and copra meal. Total oilseed meals consumption has increased steadily over the years as animal production has increased. This has not been true of animal protein consumption, which does not vary appreciably from year to year. The greatest advances in oilseed meal consumption have occurred during the past 15 years, primarily as a result of a heavy increase in soybean oil meal production. A total of 8.6 million tons of oilseed meals were fed to animals last year.

I compared the total oilseed meal consumption during the period 1938 to 1953 with the number of grain-consuming animal units fed during the same period and came up with some interesting figures. See Table II.

I discovered that for the crop year 1938-1939, the ratio of total grain-consuming animal units fed to total tons of oilseed meals consumed was approximately 40 to 1. In other words, for every 40 million grain-consuming animal units fed, 1 million tons of oilseed meals were consumed. By 1950, with oilseed production expanding at a rate faster than animal production, the ratio had decreased to 20 to 1. If the ratio were to remain at 20 to 1, the 220 million grain-consuming animal units to be fed in 1975 would consume 11 million tons of oilseed

---

Factors tending to increase the consumption of soybean oil meal in feeds:

1—Improved feeding practices involving use of soybean oil meal resulting from nutritional education of poultry and livestock producers.

2—Improved protein balance in feeds.

3—Increased animal products consumption as a result of higher standards of living for the masses.

4—Expanded export markets for soybean oil meal.

5—Lowering of soybean support price thereby allowing for lower soybean oil meal prices to encourage increased usage.

6—Improvement, through plant breeding, of nutritional quality of soybean protein, i.e. higher methionine level.

7—Increased demand for American animal products abroad as economic status of foreign countries improves and living standards are adjusted upward.

Factors tending to decrease the consumption of soybean oil meal in feeds:

1—Development of new oilseed-bearing crops which would compete with soybeans as a source of high quality protein.

2—Expanded production of urea with attendant price reductions, thereby encouraging maximum permissible use in ruminant feeds.

3—Development of other synthetic protein-sparing chemicals capable of more widespread use than urea, e.g. use in nonruminant nutrition.

4—Development of feeds that are capable of producing a pound of gain or a unit of product with lower feed consumption.

5—Development of feeds that can obtain desired results but at substantially reduced protein levels.

6—Economic setback in the U. S. tending to reduce buying power of populace and, hence, protein consumption.

7—Government restriction on soybean acreage to prevent excessive accumulation of edible oils.

meals. But the ratio does not appear to have reached a plateau just yet. Instead, projection of the ratio to 1975 indicates a ratio of 15 to 1 will prevail at that time. This then means that 220 million grain-consuming animal units will consume 14.7 million tons of oilseed meals, about a 70 percent increase over the amount consumed during the 1953-1954 crop year.

Soybean Oil Meal Consumption

I assume that any appreciable increase in total oilseed production during the next 20 years would come from an increase in soybean oil meal production. I say this because I am not aware of any program to increase cotton, flaxseed, or peanut production above recent levels. At the same time, soybean production is expanding rapidly and probably will continue to do so for some years to come.

The average amount of oilseed meals, excluding soybean, consumed annually during the crop years 1938 to 1953 was:

	Tons
Cottonseed Meal	2,050,000
Linseed Meal	600,000
Peanut Meal	92,000
Copra Meal	145,000
Total	2,887,000

In the 1953-1954 crop year, total oilseeds consumption, excluding soybean, amounted to 3,674,000 tons. The production trend seems to have reversed, however, and for the 1954-1955 and 1955-1956 crop years, consumption is expected to be below 3.5 million tons.

In view of this, and in the absence of any intensive program for acreage expansion for cotton, flaxseed, or peanuts, I am inclined to estimate the average consumption of oilseed meals, other than soybean, at not more than 3.5 million tons during the period 1955-1975. If this estimate is valid, then the quantity of soybean oil meal that will be fed to animals in 1975, according to my computations, will be the difference between 14.7 million tons of total oilseed meals, and 3.5 million tons of oilseed meals other than soybean, or *11.2 million tons.* This is roughly equivalent to a soybean crush of 450 million bushels by 1975.

However, I recognize that there are a number of factors that could affect the consumption of soybean oil meal in feeds. Some of these factors would tend to increase the consumption of soybean oil meal beyond the computation I have made. Others would tend to adversely affect consumption. Some of these factors are shown on page 20.

Table I. Soybean Oil Meal: Use for Feed in the U. S. A. by Crop Years Oct. 1, 1924 - Sept. 30, 1954.

1,000 tons	1,000 tons	1,000 tons
1924—25.9	1934—266.6	1944—3627.1
1925—28.4	1935—614.1	1945—3655.0
1926—32.2	1936—531.5	1946—3745.4
1927—61.4	1937—718.6	1947—3383.2
1928—91.0	1938—1019.7	1948—4139.1
1929—114.2	1939—1275.6	1949—4539.3
1930—122.6	1940—1491.1	1950—5718.5
1931—133.3	1941—1785.1	1951—5656.0
1932—112.6	1942—3073.9	1952—5515.6
1933—98.9	1943—3322.8	1953—4969.7

Source: Bureau of Agricultural Economics, USDA.

Table II. Relationship Between Total Grain-Consuming Animal Units Fed and Total Oilseed Meals Consumption for Crop Years 1938-1954.

Crop Year*	Animal Units Fed, Millions (A) (1)		Total Oilseed Meals Fed, Million Tons (B) (2)	Ratio A—B
1938	148		3.4	43.5
1939	156		3.6	43.3
1940	156		4.4	35.4
1941	167		4.6	36.3
1942	192)		6.1	31.5
1943	193)	World	6.2	31.0
1944	173)	War II	6.2	28.0
1945	167)		5.8	28.8
1946	160		5.8	27.6
1947	154		6.2	24.8
1948	160		7.3	21.9
1949	166		7.9	21.3
1950	172		8.6	20.0
1951	174)	Korean	9.1	19.0
1952	170)	War	8.9	19.0
1953	167		8.6	19.4
1954	174		8.6	20.0

* Beginning Oct. 1. SOURCE: (1) Bulletin PE 1 entitled "Animal Units of Livestock Fed Annually 1909 to 1953," Production Economics Research Branch, Agricultural Research Service, USDA, May 1954. (2) Statistical Bulletin No. 159 entitled "Grain & Feed Statistics Through 1954," agricultural economics div., Agricultural Marketing Service, USDA.

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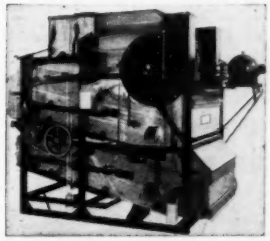

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WORLD TRADE

The Farmer's Stake In World Trade

ASA's 35th Annual Meeting

Lower tariffs on chemicals and bicycles would help pay for U. S. soybeans abroad

By CHARLES P. TAFT
President, Committee for National Trade Policy

THE BATTLE over "protection" and "high tariffs" versus "free trade" has burst into the headlines again during the last two weeks, during the dog days in Washington. The President has raised the tariffs on bicycles (and the prices the kids pay—I mean the parents pay), and last Saturday the Defense Department took high American prices for generating equipment on the Chief Joseph dam, at an excess cost to the government of about $1 million.

According to all polls on the opinions of both American businessmen, and of the American public in genral, these steps are not supported by public opinion. But there is little doubt that they follow the opinions of "pressured" congressmen. Furthermore, there is also no doubt that they reflect a victory for the protectionist forces imbedded in the Departments of Commerce and Treasury and Defense over the Department of Agriculture (which does nothing) and the Department of State (which gets little help from its chief on this general subject). The President's general position is sound and beyond doubt sincere, but nobody at the top in the Administration stands up and fights.

High Tariff Sentiment

The center of high tariff sentiment in this country is in the chemical industry. While our tariffs in general have been greatly reduced in 25 years, this is not true of chemical tariffs. They make possible the fact that the chemical industry has the highest rate of return of any industry before taxes. Reduction in tariffs on chemicals would not increase our imports greatly, but it would reduce the margin of profit of the chemical companies.

The bicycle case is quite a different situation. This is a thoroughly inefficient industry which stuck to the big heavy balloon tire bicycles while the British sold the light bicycle with gears to American youngsters. The real tip-off in the industry lies in the announcement last spring that American Car & Foundry was building a new bicycle plant in the Southwest.

A few heavy bicycles are imported, but in general the domestic companies have held and increased this market. The tariff increase will help the inefficient tail-enders. It will not do anything to the imported light bicycles except raise their prices for the kids.

A third sample of our international trade problem is power plant generating equipment. Some $100 million a year is bought for U. S. installations in western dams. U. S. utilities buy $4 or $5 billion. Westinghouse and General Electric have shared all this business until English Electric & Brown Boveri of Switzerland began to bid a few years ago. The American companies in 1954 showed they could compete if they really tried, but they don't like real competition. General Electric was nearly $2 million under the British on the bid for The Dalles, Oregon dam, and Westinghouse was low on the last Chief Joseph bid a year ago. The Defense Department, according to the New York Times, has now decided to ease their existence by eliminating all foreign competition. The U. S. taxpayer will apparently pay for this luxury at a million dollars a crack.

The excuse given for the decision on Chief Joseph dam two days before was that the work would go to Pittsburgh as an area of high unemployment. If Pittsburgh is in such bad shape at a point of record employment and low unemployment, the Golden Triangle boys need something besides taxpayers' subsidies from the rest of us to improve their economic status.

We are proud of our free enterprise system, and the ones who press for more cotton wool protection like the Secretary of Commerce and the Secretary of the Treasury speak often for the maintenance of the system. But the effect of the actions of these leaders and of their staffs is to make it less likely that the system will work. It is a tough system, hard on the tail-enders, but it made us great and it needs more effective and consistent supporters. The Japs were not able to underbid U. S. producers of generating equipment, in spite of their low wage rates. But they did get the largest share of huge Indian orders for railroad equipment this year. Are we going to help the energetic Americans share in the tremendous industrial revolution that is commencing around the world? Or will we protect them all in high cost inefficient operation?

You may ask what has this to do with soybeans and agriculture in general?

Chemicals imported come mostly from Great Britain and Western Germany. Bicycles come from Great Britain, Western Germany, France and the Netherlands. Generating equipment comes from Great Britain. Great Britain, Western Germany, France and the Netherlands in 1954 bought $1 billion of our farm products. Those countries sent us last year $20 million of bicycles.

You probably know the general farm situation. In 1951 we exported $4 billion of farm products and by 1953 this was down to $2.8 billions. The farm interests and the government went to work and in 1954 exports were up $202 millions.

Fats, Oils Exports

This export accomplishment was concentrated pretty well in fats and oils, which increased in 1954 by $183 million. One hundred twenty million of that increase was to these same four countries from which come bicycles, chemicals and generating equipment.

What can you do about it? You can certainly talk to your congressmen about *not* shutting off the products that pay for your soybeans.

You can support the Administration effort next January to pass the bill that authorizes our membership in the Organization for Trade Cooperation. This is the multilateral agreement under which we have been operating since 1947. It is no bogeyman, but a simple confirmation of a successful seven-year experiment. It will have nevertheless a

blast of misrepresentation from the isolationist high tariff boys.

You can help by telling your senators particularly that you want to get rid of customs red tape. This bill has passed the House of Representatives but is stuck in the Senate finance committee. We fight for lower tariffs really to prevent the increases that would otherwise surely come. But actually customs red tape keeps out a lot more goods than the tariff.

You are certainly fighting on the side of U. S. business and general public opinion. But you are solidly on the side of farm sentiment. Allan Kline, Herschel Newsom and Jim Patton are on our board of advisers, and we get the vigorous backing of tobacco and other farm groups. But it does take fighting and vigorous expression of your beliefs.

You can always count on the Committee for a National Trade Policy for information and such help as we are able to give on our limited budget. We are primarily a business group, but we are convinced that we stand for the national interest. We are sure you will wish to join us in this battle.

Ceases Processing

DECATUR Soy Products Co., one of five Decatur, Ill., soybean processing firms, ceased operations as a soybean processor Aug. 1.

Jasper Giovanna, company president said he is forming the Decatur Elevator Co., of which he will be owner and manager. The new company will store and merchandise grain and soybeans as well as conduct a general brokerage business for grain and soybeans. It will be located at the present site of the Decatur Soy Products Co.

The processing building and machinery have been purchased by Iowa Milling Co., Cedar Rapids, Iowa. The Iowa firm will keep the plant on a standby basis so if conditions improve for an expeller-type operation it can be reopened.

The Decatur Soy Products Co. started operations in November 1939.

Smaller Crop in Brazil

The 1955 soybean crop in Rio Grande do Sul, Brazil, reportedly reduced somewhat by caterpillar damage, is now estimated at 3,674,000 bushels from a planted area of 170,500 acres, according to Foreign Agricultural Service of U. S. Department of Agriculture.

There is apt to be very little production in other Brazilian states this year, as soybeans have not proved popular due to a shortage of mechanized equipment and competition from other crops in other states.

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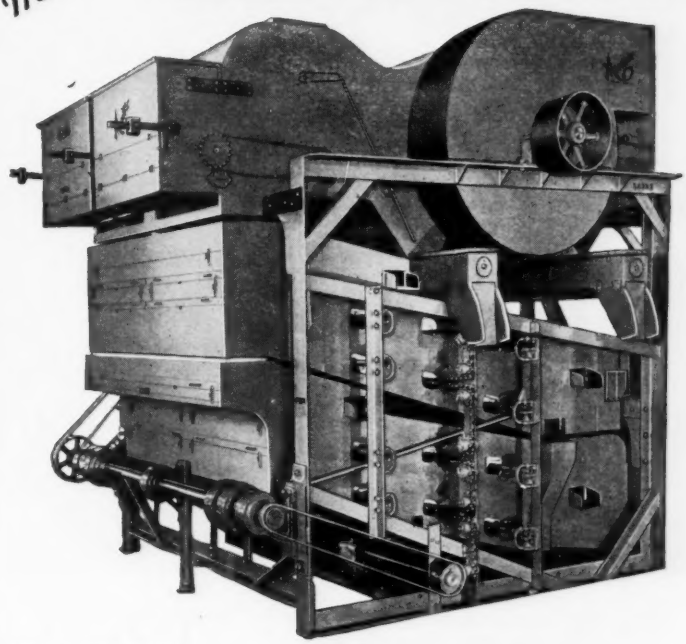

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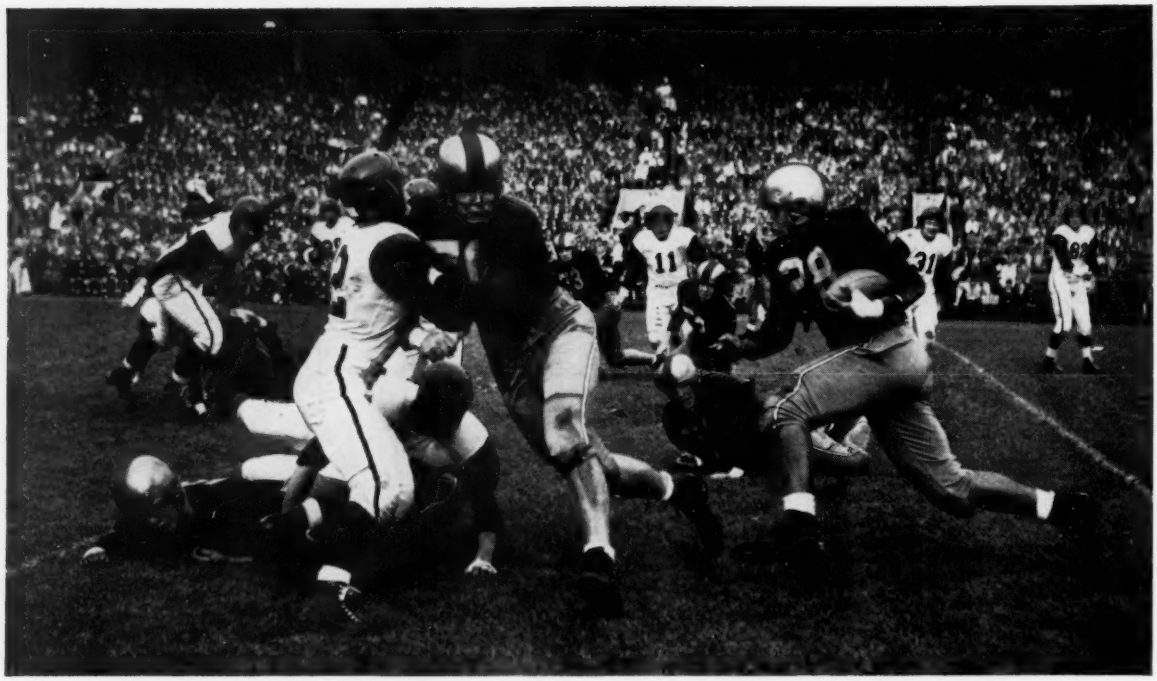


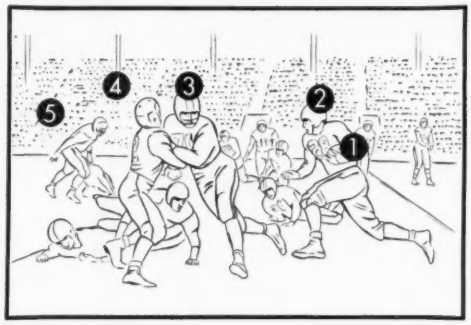
End run...1200 miles long

This touchdown gallop actually started hundreds of miles from the gridiron . . . maybe on your own farm. You see, at least three farm products are playing an important part in that end run. Can you recognize them? Probably not, because they are so changed from the way you last saw them.

Changing what you raise into other products millions of people want is the job we at Cargill call Creative Processing. Take that plastic in the football helmet, for instance. It was once just a patch of soybeans. But Creative Processors (like Cargill's Soybean Oil Division) have found ways to change raw soybeans into basic ingredients for plastics, shortening, cereals, livestock feeds—and dozens of other useable products for people all over the world.

Creative Processing is one of the most important reasons today's farmers have bigger incomes, higher living standards, and better markets than their fathers and grandfathers had.

So next time you buy any product for your farm or home, why don't you see if you can figure out which of your own farm products were used in making it—because of Creative Processors like Cargill. (Study the chart at right—and see what we mean).



How many of your farm products did you recognize in the above photo? The end run was made possible by (1) the football, made from cowhide; (2) plastic in the helmet made with soybeans (processed by Cargill's Soybean Oil Division); the cleats in the football shoes, and the shoulder pads are plastic, too; (3) glossy finish on the helmet made with linseed oil (a Creative Processing product of Cargill's Linseed Oil Division). In the stands are (4) hotdog buns made from flour (Cargill's Grain Marketing Division helps supply the mills with your wheat); (5) and programs printed with ink made with linseed oil (again, processed by Cargill).

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The World Fats and Oils Situation

ASA's 35th Annual Meeting

. . . and its effect on U. S. soybeans

By DWAYNE O. ANDREAS

Chairman of the Board, Honeymead Products Co., Mankato, Minn.

Sees an oil buying program by Commodity Credit Corp. as the best method of support for soybeans

MOST OF the problems which lie ahead for crushers and producers are mutual problems. Our interests are much more mutual than divergent. Recognition of this fact is becoming more and more apparent and more urgent to both of us. And we in the crushing industry look forward to more and closer cooperation with you and other organizations which represent the growers of soybeans.

We crushers are in a real sense the agents of the growers in marketing their soybeans in the form of products. If we will keep this concept uppermost in our minds we will see why it is that on most issues the crushers and the soybean growers naturally find themselves on the same side of the fence.

Although soybeans might be considered essentially a feed grain because 85 percent by weight is protein feed eventually consumed on the farm, the value of soybeans is also affected by the value of the oil since it is the oil that goes directly into off-farm markets. Therefore, for the purpose of this discussion I would like to sum up the world fats and oils situation for the 1955 crop marketing year beginning Oct. 1.

World production for 1955 is estimated at approximately 26.7 million metric tons of all oils and fats. This exceeds 1954 production by some 600,000 to 700,000 tons and continues supplies at a level above prewar per capita consumption. Prewar per capita consumption was attained in 1953 for the first time.

In the United States we again have prospects for a new record production and a record surplus for export. Although this surplus oils and fats production today is far larger than it was when our Department of Agriculture made some far-reaching decisions as to its 1955-crop price support policies, the possibilities were even then quite evident.

On the basis of the latest official crop reports the United States supply of edible oils and fats for the new marketing year exceeds the supplies of last Oct. 1. This is a remarkable truth in spite of the fact that last year's supplies included a huge government accumulation of cottonseed oil. Production of edible fats is indicated nearly 1 billion pounds larger than in 1954-1955. Let me repeat, we will have more fats and oils to market this year than last year even after including in last year's supplies the entire accumulation of cottonseed oil in government hands.

The U. S. government by supporting prices for edible oils and fats through the cottonseed products purchase program has in effect represented the farmer in disposing of his oil and fat surplus. If the government elects (as presently indicated by its announced plans for the 1955 crop) to change from this position of acting as agent of the farmer in disposing of surplus oil production then we must face some even more unpleasant possibilities.

One puts the farmer at the mercy of cartel or government dominated buying. True, this is only with respect to the surplus oil production but this is one of the most dominant factors in determining U. S. prices for oil and in turn for oilseeds. This is always true for a surplus exporting nation.

The other possibility is that the grower will be entirely dependent on the price support program. I am assuming of course that oilseed prices will continue to be supported above the world market level for oils and fats. This will be true if soybean supports continue at levels which are in proper relationship to other price supported crops. This latter alternative would attempt to support all edible oils and oilseeds impounding large quantities of soybeans under loan.

That is one reason why U. S. government domestic and export policies as carried out through the Department of Agriculture and the Commodity Credit Corp. are of primary importance to you as growers. These policies also affect processors, manufacturers of products, consumers, exporters, customers abroad and probably the most important the American livestock, dairy and poultry producers.

Nobody Consulted

A recent example of the way in which government policies affect our whole industry and related industries was the decision to offer CCC soybeans for export at less than the price for domestic crushing. This policy—entirely a new policy for soybeans—was inaugurated without any prior consultation of any official nature with the affected segments of the industry. From the growers' viewpoint, it can have far reaching effects and none of them good. To the extent that CCC sells for export now, precisely that much less export demand will be in the market place when your new crop begins to move.

Even more important is the precedent involved. After all, the small quantity of 1954 crop soybeans involved is not too important in and of itself. If freely offered for domestic as well as export, it could easily have been absorbed with a minimum of market effect. As it is, buyers abroad, not being required to compete with U. S. crushers, name bargain prices. I was in Europe when this announcement was made. The unanimous reaction was in essence, "We can now and in the future buy soybeans cheaper from CCC."

Future policies could be inherently just as disruptive to growers, processors and others. We should work together to see that they are not.

It is a simple fact that the major problem is one of disposing of surplus oil production. And that this could be solved on a longtime basis and with more regard to all parts of the industry by better means than the policy the government is drifting into for oilseeds. This new policy

is going to be quite a shock to soybean growers who have been accustomed to selling their soybeans for prices well above support levels.

Let's look at the 1955 oilseed price support programs as announced by the Department of Agriculture on Mar. 16 to June 22. It puts the crusher and producer of soybeans in an untenable position.

The Mar. 16 and subsequent announcement of June 2 says the effect on price support activity is expected for cottonseed because of a "better balance between the consumption and production" of oilseeds. Further, that the reduced levels of support provide less incentive for planting soybeans. What a different picture we have today when the official Department estimates of production are available. A record soybean crop of 420 million bushels. Cotton oil production of about 1.6 billion pounds, crude. Total edible supply larger than even the last year's record.

Policy by Guess

The government's price support policy for soybeans and cottonseed seems to have been determined largely on the guess that cottonseed would sell above support levels. Even though this belief has been shared by some in the trade, it is inherently wrong for the government to make such far reaching decisions upon its assumption of market prices prevailing a year ahead.

The people who suffer for bad government decisions are processors and others in industry who, however capable they may be of judging supply and demand factors, cannot foresee possible actions or lack of actions by the government which becomes the most dominant factor in the market place with prices below or about the support level.

Back when the 1955 support programs were being developed some of us urged the Department to adopt a different policy. Our proposal was based upon what we honestly believe to be best for the government and for all segments of the oils and fats industries. We proposed that the CCC implement its oilseed programs with an agreement to buy oil. We suggested that it buy soybean and/or cottonseed oil from processors who in turn agreed to pay support price or more for soybeans and cottonseed. Had this been done, the millions of bushels of soybeans already sold all would have brought you at least the full support price.

I want to emphasize again it is quite obvious that this would not have an effect on the margin of profit for processors as such, but it would make it possible for processors to pay full support price for your soybeans and you could market them freely and in an orderly fashion. That is what we want.

The proposal that CCC buy oil is no cure-all for the soybean processing industry, but it has obvious advantages for all of us. They include the following and I hope you will keep in mind that these reasons are based on a longtime view and not for a single crop year:

1—The surplus is obviously in the form of oil, not meal. Most tradesmen agree that this country could absorb the meal from not only 400 million bushels of soybeans, but within the next few years, 500 to 600 million bushels, providing it is marketed at a reasonable price.

On the other hand if CCC should cause high domestic prices of soy meal by impounding soybeans you are apt to lose some more of your other customers to urea.

Edible fat consumption in the United States is inelastic, one of the most inelastic items in the whole U. S. economy. Experts can predict to a fraction of a pound per capita how much edible fats will be consumed in this country regardless of price. Thus a floor price under vegetable oil does not mean any apparent change in the total domestic consumption of fats.

2—It is a double-edged weapon, tending to increase the price of beans, and decrease the price of meal. Both edges favor the farmer whose interest CCC is supposed to represent and protect. CCC is best able to cope with the problem of cartel buying, government buying, and the needs of under-developed nations.

3—Oil buying is by far the cheapest method of operation to CCC. Crude soybean oil can be stored and shipped more cheaply than soybeans. It does not have to be refined for storage as does cotton oil. The industry can and will store it for nominal charges on a quality guaranteed basis. If CCC does encourage the marketing of soybeans at prices above the loan congested storage facilities will be relieved.

4—Let us use simple arithmetic. If CCC puts a floor on edible oil at say 2 cents a pound over what it might otherwise sell for in the domestic market, it could take over the surplus of possibly 500 million pounds. If it sold this oil at a loss of 2 cents a pound which today seems to be a reasonable estimate, it would lose $10 million. This operation would, however, raise the entire edible fats market for the U. S. farmer by 2 cents a pound—that is 2 cents a pound on 10½ billion pounds of edible fats production or an increase in farm income of over $200 million.

5—Oil buying by CCC at a proper level would permit soybeans to be marketed at prices equal to or likely above the loan level. This would restore the function of price to its proper place in our industry. Soybeans and meal could fluctuate freely according to supply and demand. Similarly cottonseed would flow freely into the market and the resultant enhancement in the price of lard would be a boon to hog producers now harassed by low prices. This would tend to get the government out of our business to the maximum extent possible.

6—Last and perhaps most important of all is the outlook for future years. It is evident that soybean production in the United States can

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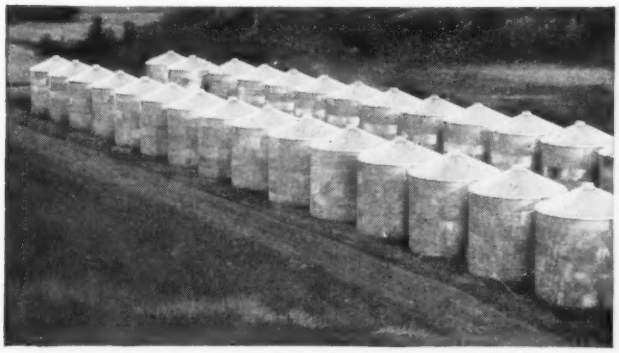

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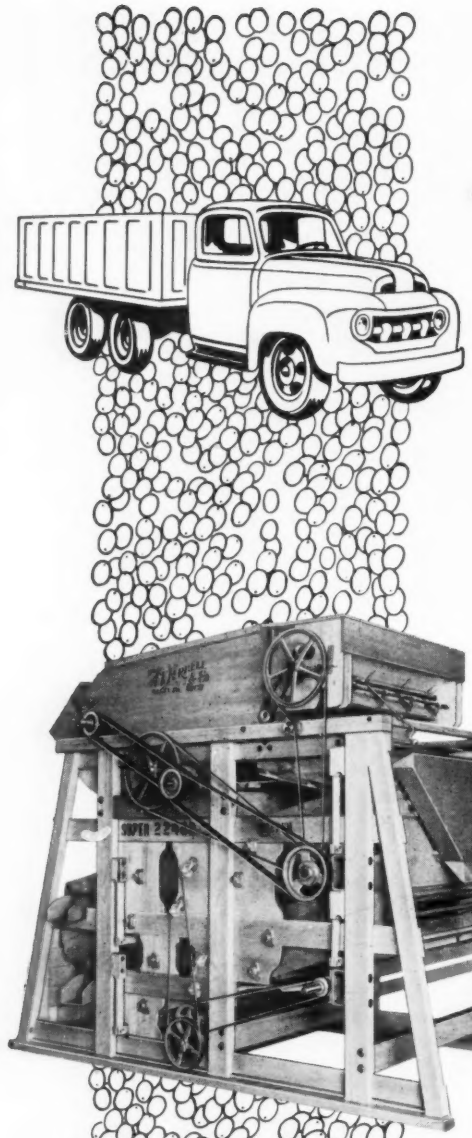

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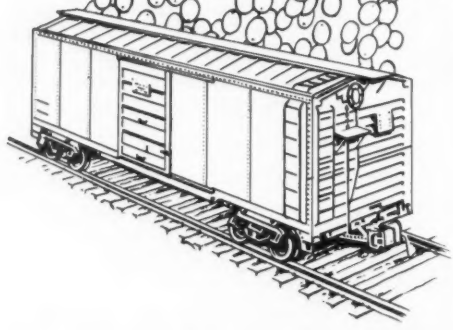

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and should be further increased. It is a natural crop to replace other crops, the acreage of which will be further decreased. Soybean meal consumption can be expanded. Edible oils consumption can expand only in line with population increases. All of which adds up to one conclusion. The simplest and best way to handle an **oil** surplus is to handle it as **oil.**

After outlining some of the favorable points for the proposal to CCC to buy oil at fixed levels, it is in order to give you the objections to such a program as I understand them and with some comments as to the validity of the objections.

It has been argued that an oil purchase program would result in increased crushing in the early part of the season because of more favorable crushing margins. It is claimed that meal would then be cheap but would skyrocket later in the year when crushing decreased. First, in the past, when government operations have held oil at 12 to 13 cents per pound, processors' margins have not widened. The enhanced value of oil has been passed right on to the grower in the soybean price. That is an indisputable fact.

But even more important, meal storage is available everywhere. At processing plants, warehouses, feed mills, and on farms. And there are adequate futures markets. When meal prices get too low purchases for future delivery are made by buyers and by speculators. This natural action in normal market channels results in a carrying charge for meal and it is stored until needed, or else the processor delays crushing. It happens automatically—and is the normal way of doing business. I for one am confident that buyers are perfectly capable of scheduling purchases of these requirements in any given year.

Does it make sense to you that the spot meal market would be so glutted that meal would be too cheap and at the same time crushing margins would be excessive? Certainly not!

Umbrella for Lard

Another objection advanced is that by supporting vegetable oils the government will be holding an umbrella for lard marketing so that lard might tend to take the place of vegetable shortening and margarine as a cooking fat. I regard this objection as not valid for the simple and obvious reason that irrespective of whether the government does or does not buy oil the lard as always will be consumed. It is a byproduct that finds its way rather quickly into consumption channels in either case, that is, with or without a vegetable oil price support. It is a fact, of course, that vegetable oil buying would tend to enhance the value of lard and from the CCC viewpoint this must be considered a plus factor.

Furthermore, let's face it, in either case the government will be impounding the same amount of oil. It is only a question of whether they own it as oil, or own it as beans, thereby dominating the bean and meal markets as well.

Another school of thought simply says "It's easy to export the soybeans instead. Let's use more arithmetic. If CCC were to export the estimated 250,000 tons of fat in the form of soybeans, it would find itself in the extraordinary position of shipping 1,250,000 tons of soybean meal as beans to European livestock producers at prices far cheaper than the American farmer would be required to pay. Thus CCC would be engaging in the ridiculous operation of cornering the meal market against the very people it is supposed to be protecting, the American livestock producers, thereby raising the already high costs of producing milk, butter, eggs, and meat in the U. S.

Furthermore, with CCC soybeans available at bargain prices you will lose the legitimate market for soybeans built up in Europe over a period of many years. Naturally they will buy CCC bargain counter beans and ignore the free market supplies. This will result in accumulation under the loan of the free market supplies, which Europe otherwise would have bought. This further complicates the problem. Eventually it would result in a complete two price system. CCC would take the loss not only on the small quantity of surplus oil, but on the corresponding meal portion as well, and on the entire 50 to 75 million bushels of otherwise normal soybean exports.

The most serious concern to me and others in industry has been the apparent lack of an overall analysis of the impending situation by government, growers and industry collectively. Both industry and government have considered the oilseed price support problems on more a piecemeal expediency basis rather than on an overall longtime basis. Make no mistake—price supports are here to stay, whether we like it or not. And price support programs should be devised on a basis which will give greatest freedom in the market place, cause the least interference with normal commerce, and at the same time effectively support prices to growers at reasonable levels. Impounding vast quantities of bulky raw materials under loan is proven to be a clumsy way to operate. On the other hand, the proposal for CCC to buy crude soybean oil seems to me to meet these criteria far better than presently announced programs and better than any other proposals we have heard. By entering the oil market they will automatically take themselves out of the soybean and soybean meal markets where their interference with the function of price is infinitely more troublesome. If there are other and better plans, I assure you the National Soybean Procersors Association will consider them.

Questions to Consider

In considering the pros and cons of this entire situation you might ask the following questions:

1—How much will the impounding of vast quantities of soybeans mean in the loss of your meal markets?

2—How will such an accumulation of soybeans coupled with the two price system affect your soybean markets prices?

3—Will not large loan impoundings of soybeans adversely affect both oil and meal markets whereas the oil program could only bear on future oil prices?

Now I would like to sum up my impressions of the impending situation on soybean growers and crushers. To effectively support prices, large quantities of soybeans must be impounded under CCC loans and eventually go into CCC inventories. If not this year, then next year or the year after. It's simply inevitable so long as wheat and corn and cotton acreage reductions continue to make land available for soybeans.

What will such a policy mean in loss of meal markets? When meal consumption is lost for a period, that particular lost consumption is never regained. You know soybeans have been a most satisfactory crop. It is well known that your Association does not look with favor on growing soybeans for government held inventories but wants them to move into consumption through normal trade channels. If you want to further these views, the way to do it is to get behind the oil program.

The frightening possibility is that the government by mishandling its operations even though with the best of intentions gets more and more into our business—yours of producing and marketing soybeans, ours of crushing and merchandising oil and meal. This is a drastic threat to both producers and processors. I think the threat is so real and so great that producers and processors must unite in self defense even though it may require a great deal of effort and large sums of money.

I extend to you, without qualification, the promise of the processors' cooperation looking to mutually satisfactory solutions of the problems which we face.

ASA's 35th Annual Meeting

EXPORTS

Market for Soya Products in Europe

Chief difficulties: U. S. soybeans are sold under grain standards but Europeans regard them as oilseeds. And they deteriorate in transit.

By G. CHIPPERFIELD

President, International Association of Seed Crushers, London, England

I HAVE called this paper "The Market for Soya Products in Europe," but I suppose my main assignment is to tell you whether there is still anything wrong about your soybean trade over there and, if so, what is wrong.

As the tonnage figures show, the position is not a depressing one. Undoubtedly you people produce soybeans which, although they may vary in quality, are second to none in the world. But, in some cases, by the time they have reached us, there have been causes for complaint and there have been complaints, and it is my purpose to endeavor to put before you as clearly as possible a picture of the position to date.

Your executive vice president, Mr. Strayer, has told me he wants me particularly to give you a frank appraisal of the value attached in Europe to the U. S. Federal Appeal Certificates which involves the question of grading and analysis, following which I propose to stress again the objections we have in Europe to what we regard as the "take it or leave it" attitude of shippers over here. They expect to win the preference of European buyers for your beans, while insisting on methods of trading which are tolerable only during the temporary absence of other and more accommodating sources of supply. I thought I would finish by saying something about the demand for soya products in Europe as a whole and what prospects of development there may be in the future.

I suppose there is no oilseed in the world from any source which has a 100 percent record for perfection of quality. In the case of your soybeans there have certainly been some very bad shipments according to the figures of analysis and no doubt there always will be exceptional cases. The matter has now been discussed at our last three congresses and it was acting on the advice of Paul Quintus that European buyers decided in 1952 to have recourse to Federal Appeal. Since then there has been some improvement but we do have to face the fact that difficulties still exist and that damage has been done to good will which it will take time and a consistently high reputation for quality to repair, especially as no such complaints appear to have arisen in connection with Manchurian beans in the past.

As I see the position, there are still fundamental difficulties which have nothing whatever to do with the quality of your product. They arise rather from the application of an American standard for grain to an article which the European importer regards and buys as an oilseed. I can see two special points of incompatibility.

Firstly, whatever may happen in practice, this grain standard which you apply to soybeans allows, according to the definition of "soybeans," for the inclusion of up to 10 percent of cereals, such as corn or barley (and even wild oats!) which, to the European importer, are useless materials and are regarded as a form of adulteration.

If you were to import lead and you found that there was 10 percent of iron in it, you would be annoyed. If the exporter said that, according to the standard in his country up to 10 percent of iron is allowable as lead, what would you say?

I am afraid that I am not familiar with current derogatory expressions over here, but, judging by American films, you would probably say, "Nuts! Iron isn't lead!"

If you tell oil millers that 10 percent of maize is to be regarded as soybeans, you must pardon them if they say, "Nuts! Maize isn't soy-

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beans! Let's get back to the Manchurians!"

Secondly, according to the American standards, splits or broken particles are in certain circumstances recorded as impurities. If the beans are relatively dry owing to low moisture content, say 13 percent, which is what we prefer, they may break up further enroute and analysis on American basis may show the amount of so-called foreign material to have increased by the time the consignment arrives at the port of destination.

To what extent these factors may affect the situation I am not sure, because arrival figures showing details of how much of the foreign material is stalks and pods and oddments, how much is cereals, such as maize or barley, and how much is soya particles are often lacking.

May Prefer Manchurians

As the matter seems to me, so long as a domestic grain standard is applied to a product which the foreign importer buys as an oilseed, and, so long as payment is not settled on the basis of the actual quantity of processable soya material ascertained on arrival by independent sampling and analysis, the importer is liable to be dissatisfied and to give preference to Manchurian beans purchasable under the established c.i.f. terms of the Incorporated Oil Seed Association, which provide the assurances he requires. Under I.O.S.A. arrangements, a standard sample representing all the shipments in any month of each description of beans is agreed on the basis of sealed samples drawn at the time of discharge.

These standard samples are established by the appropriate standards committee of the association, consisting of an equal representation of shippers and crushers under an independent chairman. This decides the fair average quality for the month of shipment for each description and in case of arbitration no allowance would be made for splits or particles of beans unless the parcel in dispute showed a much greater content of splits or particles than the standard. All foreign material other than soybeans is classified under I.O.S.A. rules as such, but split beans are not objectionable to seed crushers because they are processable and do not cause an increase in acidity as happens, for instance, in the case of peanuts.

But, in order to give you a full picture, let me first say something about the complaints and I would like to quote from what one of the continental seed crushers said at Baden-Baden in June of this year.

"For years American shippers have persisted in their refusal to meet the wishes of the soybean processors of Europe. Observations made last year have shown, as we have established from all the countries concerned, that there has been a slight improvement but there have still been deficient shipments. We shall have to wait to see whether the recent reduction of 1 percent in the admixture will mean an improvement. In many instances we found the Federal Appeal Certificate to be completely useless.

"There has been a case in Germany where soybeans have shown 10 percent admixture of maize. Compensation was refused by pointing out that the Federal Appeal Certificate had established an admixture of under 3 percent. This shipment was No. 2 Yellow beans and that was that.

"In another case different parcels of soybeans, for which different certificates had been issued, have been mingled, thus making it impossible for the consignee to establish to whom the parcel with the better certificate and to whom the one with the less favorable certificate belonged. Several cases have occurred where, on arrival, the admixture turned out to be over 3 percent and up to 11 percent, although the Federal Appeal Certificate showed an admixture of under 3 percent. We have been told that the beans are being delivered by the farmers and dealers to the elevators at the port of shipment in good condition with an admixture never exceeding 2 percent. It is only at these elevators that there is subsequent deterioration by admixture of foreign matter to an extent which is just sufficient for a certificate in the corresponding grade.

"If this is so, these practices can hardly be altered by talks with individual sellers, for the reason why we receive bad shipments lies in the entire organization and in the wording of the contracts from which, as I pointed out earlier, the U. S. appears unwilling to depart. If the conditions in the U. S. A. in relation to the shipping of soybeans do not change, many European buyers will no doubt resume purchasing Manchurian and Chinese beans. The extent to which these are delivered relatively free of admixture is really noteworthy. The same is true of soybeans of various origins which come from Africa, whether East African, Nigerian or South African beans. The same applies to Brazil. They are mostly loaded on a pure basis with 1 percent admixture and one bean looks like another.

"This seems to be sufficient evidence that, provided there is goodwill, a substantial improvement in the export quality can be achieved in the U. S. as well. We must reiterate at this congress our opinion that the Americans should devote greater care to these matters, as a failure to do so will cause serious disadvantages to their export prospects."

That is what a continental processor had to say.

Now let me quote from an earlier report of a prominent firm of cargo superintendents in England, who have operated for 50 years or more and have the full confidence of soybean importers there. This report related to 2,500 tons of beans from

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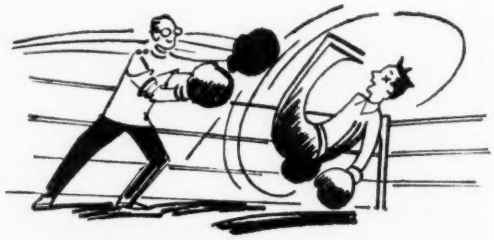

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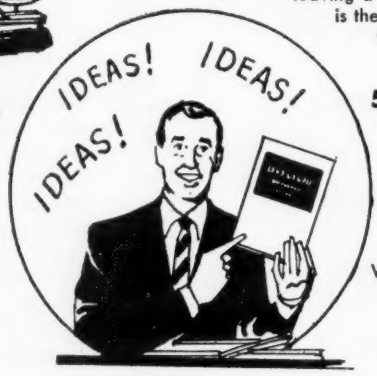

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Mobile. Federal Appeal claimed 2.9 percent of foreign matter. The Incorporated Oil Seed Association of London, on whose contract the beans were finally purchased, showed 6.1 percent of impurities. The mill outturn showed 5.5 percent. The I. O. S. A. sample was resealed and returned to America and was found by the Board of Grain Supervisors in Chicago to contain 8 percent of impurities.

"It was very obvious," wrote the cargo superintendents in their report, "that the consignment throughout contained a very high percentage of extraneous matter such as stalks, dry pods, foreign seed and dust. As the beans were weighed out in the elevator clouds of dust arose and at one period the elevator became clogged, bringing it to a stop. The stalks, pods, etc. had jammed it."

The buyers remarked, and this was in May last year:

"The Department of Agriculture believes that the solution will be found in the method of sampling and they suggest that the sampling adopted at Mobile is more satisfactory than the method by which the samples were drawn on arrival. The Department of Agriculture, however, appears to overlook the mill report which showed 5.5 percent of impurities and it seems very doubtful whether the beans at the time of shipment contained only 2.9 percent.

"It is hardly surprising in such circumstances if European buyers lose confidence in U. S. sampling and analysis."

Can Produce Quality

As I have said, you are producers of first quality soybeans. I daresay there is no reason at all why beans should not leave your farms with a maximum of 1 percent impurities and why they should not arrive at the elevators in the port of shipment in that condition. But the buyer in Europe is not concerned with their condition at that stage, nor is he primarily interested in what shippers claim is the percentage of impurities in the soybeans which he imports. What concerns him is the actual quality and quantity of processable beans which he receives.

I have studied a good deal of information on the subject and I have been glad to note the improvement indicated by some of the figures: For instance, 30,000 tons shipped to Rotterdam for Germany showed 2.4 percent impurities according to Federal Appeal, against 3.3 percent on arrival; 54,000 tons processed in the Netherlands showed 2.5 percent Federal Appeal against 4.14 percent on arrival.

Another 30,000 tons shipped there early this year showed an average of 2 percent as per Federal Appeal certificates against 2.8 percent on arrival.

A further 42,000 tons which arrived at Rotterdam between November last year and June this year showed 2.1 percent average according to Federal Appeal against 2.73 percent average on arrival.

It should be noted, however, that, whereas Federal Appeal showed a maximum of 2.8 percent, the Dutch figures showed cases of 7.4 percent, 6.1 percent and 5.2 percent, all from New Orleans, while several shipments, mostly from Atlantic ports, showed less than 1 percent. I do not wish to infer, however, that there are invariably these differences between the Gulf and the Atlantic ports.

In the case of Great Britain, I received the following figures: 24,000 tons shipped to Cardiff processors over 12 months ending February this year showed impurities averaging 2.49 percent according to Federal Appeal against 2.34 percent average analysis on arrival; 27,000 tons bought through London merchants on I. O. S. A. c.i.f. contract terms showed an average of 2.48 percent admixture as per I. O. S. A. analysis.

Bearing in mind the new standards coming into force, it does look as though we are at last getting somewhere and we in the International Association of Seed Crushers will continue to do our best to cooperate with your association and with all others interested in establishing the export trade in your beans on a sound competitive basis. We will do everything we can to help tackle any difficulties which arise.

You will appreciate, of course, that overseas buyers are not going to regard your Federal Appeal certificates as being like Caesar's wife just

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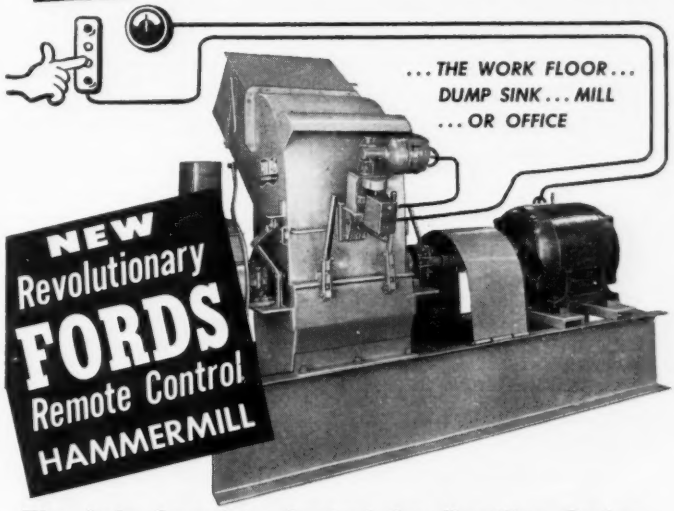

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because they are government sponsored. I have no doubt, however, that those who are responsible for that service will themselves keep check on its efficiency and investigate impartially any criticisms from those making use of it. I have no doubt either that they will continue to give careful consideration to any recurring impediments to the smooth conduct of this export business.

As regards what happens prior to shipment, I was interested to hear some comments made by Julius Mayer of the Chicago Board of Trade at Baden-Baden:

"It is necessary," he said, "to remember that the processors as well as the grain trade in the U. S. who purchase these beans from a farmer or dealer, buy them at country stations, in truck loads or car loads, or in boat loads at central or terminal markets or the point at which the processing takes place and will accept any grade lower than No. 1. However, settlement is based on No. 1 with an appropriate discount calculated from the discounts announced annually by the interested associations. I would like to repeat that the beans arrive at the elevators by truck, car or barge and that is where the trouble starts.

"Due to the long haul a lot of these beans have to travel, the fine material sifts to the bottom of the cars. It is not unusual for the admixture by the time the beans go into the bin to be 2½ percent, and sometimes more, because with the fast handling at the time of harvest, a lot of breakage occurs and it is noteworthy that beans with a moisture content of 10-11 percent break up much more than if they contain 14 percent moisture. Last year I would say that the average moisture content must have been above 13 percent and for that reason there was less trouble than formerly when the average was down to as little as 11 percent."

There appear to me to remain two sets of difficulties. Firstly, those difficulties arising from the application of a domestic grain standard to an article which the overseas buyer regards and purchases as an oilseed for processing as an oilseed. Secondly, those difficulties arising from possible deterioration in analysis in transit. These include the effect of transport and handling between the time the beans leave the farm and the time they are shipped; the possibility of further breaking up before they reach the port of destination; and the effect of mixed shipments where the Federal Appeal certificate may well be accurate in respect of the whole shipments but, in course of delivery, one unlucky recipient may receive the bulk of the impurities.

In this connection, German buyers reported that they paid a premium of 1½ percent for beans on the basis of identity and origin preserved, but, owing to consignments being mixed in transit, the certificate in respect of their purchases proved to be useless.

Except perhaps for the complication of mixed shipments, all these difficulties could be removed overnight by meeting the perfectly reasonable wish of the European processors that they should be able to buy your beans on the terms which have been established and accepted for their seed purchases for half a century or more. There just are not any reasonable grounds why American soybeans should not be offered to European importers on level terms with beans from other sources.

On the subject of sampling at the port of arrival and the nature of the impurities discovered, you may like to hear the following report dated July 18 this year from important Dutch seed processors and I would mention that I have the samples A to D, which they refer to, here for your inspection:

"We have every confidence in the method of sampling applied at Rotterdam. The material out of which the samples are composed, is collected by taking, at frequent intervals, a shovelful of the stream of beans coming from the spout of the elevator during transshipment from ocean steamer into barge for further transport. Thus about 500 kilos of sampling material are collected out of every 500 tons of beans.

"The sampling material so collected is thoroughly mixed together; four sample bags of about five kilos each are filled and sealed, and the remaining sampling material returns to the relative parcel.

"One of these samples, i.e. one sample out of each 500 tons, is separately analyzed by our own laboratory and the foreign matter is determined in accordance with the regulations of the U. S. Department of Agriculture. The percentage is calculated on the basis of the weight of the original sample.

"Our works recently started cleaning the cargoes of soybeans in a special installation by means of series of sieves, prior to their passing them on to the extraction plant, and we are forwarding to you a specimen of what is removed from the soybeans at each stage of that sifting procedure, enabling you to form an idea of the nature of the foreign matter:

"A—Removed after 1st sifting: twigs, stalks, pods of soya beans, seed coats, string, paper, rubber, stones.

"B—Removed after 2nd sifting: chiefly skins of soya beans, maize, oats, wheat and small pieces of all foreign substances mentioned in A.

"C—Removed after 3rd sifting: mainly husks, whole or bits.

"D—Removed after 4th sifting: When looking at this sample through a magnifying glass you will notice that this sifted matter consists for the greater part of innumerable kinds of foreign seeds, including perhaps also those of poisonous plants. Furthermore, very small pieces of soya beans and other elements.

"During the cleaning procedure outlined above, about 80 percent of the total content of foreign matter present in the beans is removed.

"We need hardly add that the foreign matter stated in A is not found in Manchurian soybeans, while in beans of that origin the impurities as per B and C are met with in a much smaller measure than in the case with U. S. soybeans and the

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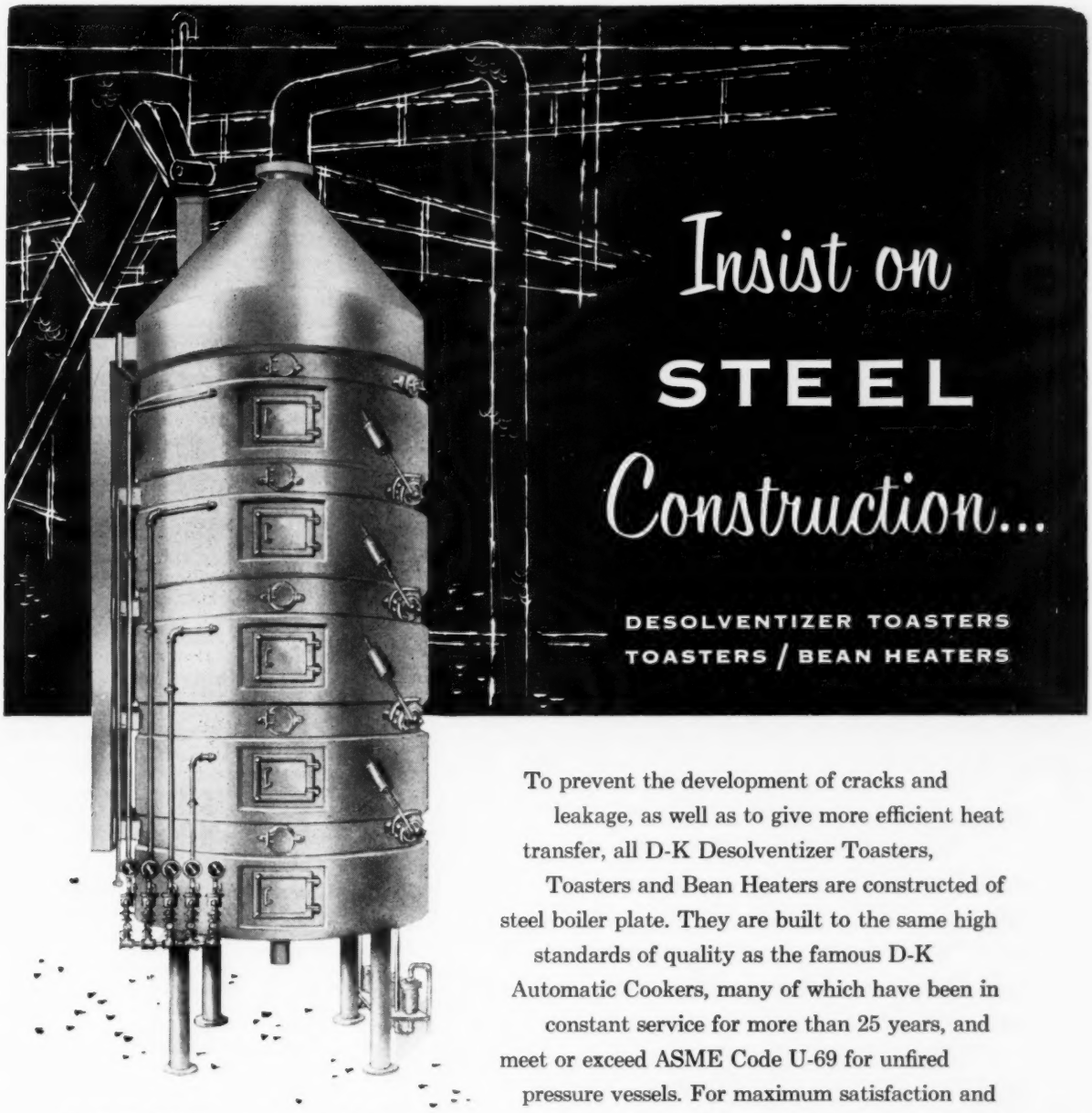

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presence of impurities in Manchurian beans as per D is negligible. All this results in Manchurian soybeans having the advantage that they need not be cleaned, to the effect that their processing costs are lower and there is no loss on account of worthless admixture. Moreover, the oil obtained from beans of this origin is of a much better quality than that of U. S. soybeans."

Mixed Shipments

With regard to the difficulty of mixed shipments, I consulted a well-known firm of cargo superintendents in London and you may like to hear some of their comments:

"1—Regarding the mixing of parcels sold separately in vessel's hold at time of shipment, we see no reason why separate sales should not be stowed separately in vessels' holds, thus preserving identity for all practical purposes. It is quite common in the bulk grain trade to separate parcels in bulk stowage. This is achieved by using tarpaulins for horizontal separation and separation boards and/or bag walls if vertical separation is required.

"It is necessary for the contracting parties to notify the ship owners or agents of this requirement and to insist that the instructions be carried out.

"There may be some slight seepage between separations on voyage which would call for weight adjustment, as is common in the trade, but there would be no significant effect on the admixture content of the whole parcel.

"2—It is desirable to ascertain exactly at which point the samples are drawn, which go for Federal Appeal test. If the certificates are to be of any use to the buyer, then they should be issued on a sample drawn of each parcel, as loaded to export vessel. We are not at all clear on this point at present. It is obvious at time of discharge that the admixture is not uniformly spread throughout ship's stowage, and presumably the same conditions apply in storage elevators.

"3—'Admixture' should be quite clearly defined in any selling contract — preferably as 'all matter other than soybeans,' or at least a very small allowance of other seeds or grains.

"We understand that in the U. S. A. definition of soybeans a very high percentage of other grain is permissible. This is obviously of no use to a European buyer of soybeans who wants soybeans only.

"4—It is significant that Manchurian soybeans have never contained a high percentage of admixture and that even a country such as Nigeria, with relatively primitive cultivation methods, can produce regularly shipments of soybeans with admixture never exceeding 1 percent, and almost always less than 0.5 percent.

"5—The remarks of Julius Mayer were mainly concerned with broken soybeans, but on this side we are concerned with excessive percentages of stalks, pods, chaff, corn cobs, dried leaves and dust. None of these arise from excessive handling; they may be due to bad threshing or even deliberate adulteration.

"6—Much depends on the methods of sampling used at either end. In Europe bulk grains and oilseeds have been constantly passing through the main ports for the past 50 years, all on strict contract terms for quality. We feel that the methods used must be reasonably correct, or they could never have stood up to the daily test of competitive trade. Certainly they have not been changed for American soybeans.

"If doubt is felt on either side as to the sampling, then why not allow say two European sampling experts jointly to sample a series of test shipments with the U. S. A. authorities at time of loading? Two U. S. sampling experts could then attend at the sampling of the same parcels on discharge in Europe. It seems that a practical demonstration is the only solution, if doubts are felt as to the efficiency of sampling methods at either end.

"7—You mentioned occasions when large parcels are split to several buyers. The trouble is not due, in our opinion, to one man getting the last delivery, but rather to one man getting a part of the stowage where the beans have a particularly high admixture. This is due either to inconsistent admixture content at time of loading, or to deliberate additions of admixture during or before loading. A reasonably uniform admixture content at time of loading would obviate this trouble."

Before I comment further on the conditions of sale, there is one point which I would like to mention. An American speaker at Baden-Baden this year expressed surprise that European buyers do not buy No. 1 yellow beans. J. C. A. Faure replied that he had tried very hard to buy them but had never been successful. He thought the reason was that the elevator companies at the ports were opposed to selling No. 1 for export and therefore made it impossible.

What I want to do is to confirm that European buyers definitely do want to buy No. 1 yellow beans and pay the correct and proper premium for them. Therefore, any shipper willing to export No. 1 yellow is invited to make offers to European buyers accordingly. We are quite willing to pay the right price for what we want. What we object to is paying any price for what we do not want.

Coming now to the question of terms of shipment, I would like to refer to a letter to the Incorporated Oil Seed Association dated Apr. 15, 1954, in which the North American Export Grain Association Inc. wrote as follows:

"It has been decided that the principle of selling soybeans on the basis of quality and analysis guaranteed on arrival cannot be accepted by this Association, inasmuch as it is entirely incompatible with the grain trading practice and official grain standards structure exclusively used throughout the United States."

Personally, I doubt whether that is the best way to foster and develop an export trade and I wondered what had happened to the American sales slogan that the customer is always right! I was also surprised to read

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that Mr. Strayer said at Memphis last year, "Once a cargo is delivered to a foreign port the shipper is at the mercy of the buyer." That suggests some misconception of the whole principle of sampling on arrival.

The Incorporated Oil Seed Association is an impartial, nonprofit earning international trade body which has enjoyed the complete confidence of European oilseed shippers and importers for years and continues to do so, and rightly so. It is one of those trade bodies which specializes in giving impartial service to seller and buyer, and all your European customers have complete confidence in its impartiality whether in connection with the analysis of samples submitted to it or such functions as arbitration or appeal.

There may be differences of opinion about methods of sampling, which can no doubt be compared and reconciled, but no firm of cargo superintendents worthy of the name would last very long if any doubt arose as to its reliability in establishing true samples of the commodities it handles. The North American Export Grain Association said in the same letter, "With soybeans being used more and more for crushing purposes, rather than for milling, there is no reason why they should not be transacted on an I. O. S. A. contract form. Such amended contract form would, of course, be required by the association to provide for quality and condition to be final at the time and place of shipment, as explained above."

Raw Materials

The demand in Europe is for what comes within the general term "oilseeds" (be it seed or nuts or beans); in other words, raw materials for those who process oilseeds and, whatever classification may be used exclusively throughout the United States in respect of grain, to attempt to impose it on overseas buyers of oilseeds may prejudice your chances of displacing the trade in beans from other sources which existed before the war, and I have in mind, of course, the large quantities exported from Manchuria or Manchukuo before the war.

I do not quite understand why your exporters should appear to be so reluctant with all the existing safeguards even to make the experiment of establishing impartially the quality of the beans as they arrive at the port of destination, rather than prefer to impose their wishes on reluctant buyers on a "take it or leave it" basis. Undoubtedly, one of these days the present barriers will disappear and trading between all the countries of the world will be resumed, for civilization can hardly endure indefinitely with the world divided into two camps and, sooner or later, political and racial problems will have to be solved sensibly. In fact, many people believe that one of the big influences for peace is international trade.

We cannot take it for granted that every simple Chinese farmer or Ukranian peasant is a political communist. We shall expect to trade again with such peoples, and once the difficulties btween China and what is known as "the West" are eventually overcome, there are many products of industrial countries which will be needed by the Chinese people. How are they going to pay for them? Obviously they will need to export commodities and almost the first one which comes to mind is soybeans. Before the war they exported 2 million tons in a year.

Taking a long-term view of your export trade (which already amounts to over a million tons a year), you need to bear in mind the fact that Manchurian soybeans built up a great reputation for quality as yellow beans before the war, with less than 2 percent of impurities as the rule, and that they were exported under the usual conditions for oilseeds shipped to Europe, namely, I. O. S. A. contract terms with sam-

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pling and analysis on arrival. In any case, buyers in Europe have to buy competitively. You have now the opportunity to establish at least level terms in regard to quality and terms of shipment for your products, failing which they are likely to be bid for at a discount against Manchurian if the quality and terms of shipment of the latter continue to be as acceptable in the future as they have been in the past.

That is why we welcome the decision of your Department of Agriculture to lower the percentage of impurities by 1 percent bringing the standard in the case of No. 2 yellow beans in line with that established by the Manchurian product before the war. That is why I ask also that you should attach importance to the principle that the quality of shipments should be assessed by an impartial international body at the port of arrival in accordance with common practice in the oilseed trade. That is why I suggest that you should examine afresh all the factors affecting the successful development of your export trade.

Not Measuring Up

Your executive vice president wrote in the May 1955 number of the Soybean Digest:

"Your editor was in the European countries as a member of the Agricultural Foreign Trade Mission sent by the Department of Agriculture. If any one thing was driven home to that Mission, it was that American agricultural commodities were not measuring up and that we were losing our markets to other suppliers because of quality difference. On wheat, lard, soybeans and other commodities, it was the same story, country after country."

The German processors pointed out to us that there are six descriptions of U. S. soybean oil, according to the type of process and according to whether the oil is degummed or not. and they have great difficulty in assessing their qualitative value.

I only mention this because there are naturally certain principles which condition the building up of lasting good will in the export trade. For instance, you won't build up lasting good will in overseas markets on the basis that you keep all the best quality at home and that what is left over is good enough for the overseas buyer. You won't do it if you seek to impose systems of doing business which may be quite usual at home but which are not acceptable in the country with which you want to trade.

Good will in export markets is a long-term proposition and is, so to speak, indivisible. By "indivisible" I mean that a country's reputation for quality goods is not necessarily measured by that of one category of exports only, but rather by its exports as a whole. There should be 100 percent unquestioned confidence in every article exported and a confidence in the methods of shipping. advertising, selling and service built up over years of impeccable commercial behavior.

I say this because I suggest that the exporters of American oilseeds and vegetable oils, whether soya, peanuts, cotton, linseed, or copra from the Philippines, all share in the responsibility of establishing American products in the world on the broad basis that they are automatically reliable.

Finally, there is the broad fact that, under normal conditions, international trade is reciprocal and cannot remain unilateral. If your manufacturing industries are over-protected against overseas competition, your exports of commodities on free markets may run into difficulties on account of preference and trade treaties with countries more willing to accept manufactured goods in exchange for commodities like your soybeans.

Having submitted all these points to you, with the suggestion that somebody should consider them, I would like to say a few words about the demand in Europe for soya prod-

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ucts. No doubt I shall quote some figures which you know already but that can hardly be avoided.

In 1954 there was a record production of soybeans, more than 20 million metric tons (or 740 million bushels). This was 17 percent larger than the previous season's output, mainly because the U. S. output stepped up from 270 to 340 million bushels. World exports totalled 1,600,000 tons, (I hope you won't mind my quoting tons), mainly from the U. S. and China. Of world exports 1,180,000 tons or three quarters were American beans, and they went chiefly to Europe (425,000 tons), Japan (445,000 tons) and Canada (204,000 tons). Of the 400,000 tons of beans exported from China (an increase of 15 percent on 1953) three quarters went to Eastern Europe and other Communist countries. It is of interest to note that in 1938 Manchuria exported over 2 million tons of which 1,300,000 tons went to Europe.

Taking Western Europe, with which I am mainly concerned, the imports of soybeans last year amounted to 560,000 tons or 15 percent of their total tonnage imports of all oilseeds. Of these, as I have said, 425,000 tons came from this country. Adding imports of oil and meal, Western Europe took 110,000 tons of soya oil and 650,000 tons of soya meal. The main takers of beans were Western Germany, the Netherlands and Scandinavia.

They represented 32 percent of Western Germany's total seed imports and of the 250,000 tons of beans imported, just over 200,000 came from the U. S.

They represented 30 percent of Scandinavia's seed imports, just over half of their 100,000 tons coming from the U. S.

They represented 20 percent of seed imports into the Netherlands, about 90 percent of their 100,000 tons coming from the U. S.

Thus Western Germany, the Netherlands and Scandinavia took 350,000 tons of the 425,000 tons of U. S. beans imported into Europe in 1954. In the case of the United Kingdom, France, Belgium and other smaller European importing countries, soybeans represented only about 5 percent of their total seed imports.

I think there are two special factors governing this situation, Firstly, the availability of liquid oils from other seeds and sources and, secondly, the availability of dollars to purchase protein for animal feeding.

Let me just summarize, even to you experts, the technical points which influence our European outlook on the use of soya products. We consider the oil to be a useful ingredient for margarine and excellent for table purposes. It is easily refined and deodorized and it hardens well. As a drying oil, it produces very good color alkyds. It has non-yellowing qualities. The by-products of refining — fatty acids, lecithin and sterols—are potentially valuable. On the other hand, in its unhardened condition we find that it has an unwelcome tendency to flavor reversion, which limits its relative popularity with us as a liquid margarine oil and makes it unsuitable for frying. The degree of unsaturation without segregation it too low for use as a drying oil in place of linseed oil and the fractionation process has been turned down in Europe on economic grounds.

As regards the meal, if you take the U. K. as an example, a trade of 6,000 tons a year was developed for use as flour for human food but it has not been very successful owing to consumer resistance. On the other hand, the U. K. took 90,000 tons last year for animal feeds. Nutritionally it is, of course, the most valuable of the vegetable meals provided it is given optimum processing and with its high lysine content it comes nearest to being equivalent to animal protein. On the other hand, we know that unless it is carefully heat-treated its feeding value can be seriously impaired. I will come back to this point.

For industrial purposes, we find that the extracted protein has fairly good adhesion and, if regular imports of beans at economic prices were assured and more European processors were to develop their know-how of the processes involved, there could be some development for the protein isolate in the more important fields, such as paper coatings, paints, adhesives and textile fibers, which Arthur D. Little Inc. drew attention to in their report to the U. S. Department of Agriculture of September 1951, but, of course, it would be a long time before the quantities involved would become sufficient to have a material effect on the consumption of beans.

You have in this country magnificent research facilities dealing with soya and many other commodities. Might it not be worthwhile your Association considering whether they should supply information to processors in importing countries, calculated to encourage them to get the best out of their beans?

As you know, increasing interest is being taken in the various methods of testing quality in the meal because efficient processing is so important and, while soya meal represents a much more important source of protein for feeds here, because of its availability, you are naturally interested in developing the demand in other countries as well and, with the possibility of protein shortages occurring in other directions, a big outlet could develop for supplies from the U. S. So, it seems important that the processors, wherever they may be, should be suitably informed about the best way of getting the optimum value from soya products.

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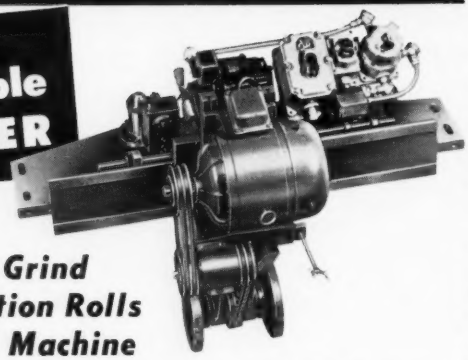

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ASA's 35th Annual Meeting

Market Situation on U. S. Soybeans in Japan

By MITSUO HIRANO
President, Association of Oil and Fat Manufacturers of Japan

BEFORE ENTERING into the explanation of various problems concerning exports to Japan of American soybeans, I want to mention a few fundamental facts to be understood when we consider the supply and demand situation of soybeans in Japan.

First, about demand for soybeans:

In order to study the soybean situation in Japan we must keep in mind the following three points:

1—In Japan most soybean oil meal is used for human consumption, and therefore the quality of soybeans is very important.

2—Soybean oil suppiles the better part of demand for vegetable oils in Japan, but if circumstances compel the imports to be curtailed, soybeans may be replaced by other oilseeds.

3—Japan, throughout prewar and postwar years, has been the largest importer of soybeans in the world.

Soybean production in Japan has a long history. Around the turn of this century soybeans were used, not for oil extraction, but for the manufacturing of such traditional Japanese foods as bean curd, bean paste, and soy sauce, which served as an important source of supply of vegetable protein to the Japanese. Soybeans today, although important in this same respect, are consumed in larger quantity by the crushing industry.

Extraction of oil from soybeans was started about half a century ago in Japan, and at present soybean oil and rapeseed oil are the two main sources of supply of vegetable oils.

The vegetable protein contained in soybeans, which is cheaper than animal proteins, satisfies the taste of the Japanese in various forms of food. Also in view of the fact that per capita consumption of vegetable oil in Japan has been yearly increasing, we can safely mention that the demand for soybeans will show a steady increase in the future.

Now let me say a few words about the supply situation of soybeans in Japan.

Soybean production in Japan in recent years has been in the neighborhood of 400,000 to 500,000 tons, of which about 200,000 tons are marketed, the rest being directly consumed by farmers. Therefore, if we were to satisfy the total demand which is estimated at about 1,300,000 tons, we must import roughly 800,000 tons of soybeans.

Japan in prewar years, for example in 1936, when the population was only 60 millions, imported yearly about 800,000 tons of Manchurian soybeans. Today, almost 20 years since, when the population has increased to nearly 90 millions and the purchasing power of the people has almost attained the prewar level, the importation of 800,000 tons of soybeans cannot be said to be sufficient.

Of the 10 postwar years, 1954 saw the largest quantity of soybean imports, which amounted approximately to 510,000 tons. This, however, falls far short of the abovementioned amount of necessary imports.

Most from America

In postwar years, for instance in 1952, the percentage distribution by area of soybean imports shows that 96.9 percent were American soybeans, 2 percent Chinese soybeans and 1.1 percent came from the rest of the world. This clearly indicates the predominance of American soybeans in Japan. But as I will explain later in more detail, since 1953 on, the percentage of Chinese soybeans has gradually increased, while that of American soybeans has had the adverse trend.

I have so far briefly explained the demand and supply situation of soybeans in Japan. Now I wish to discuss various problems in regard to American soybeans in Japan from the following standpoints:

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1—Problems of quality.

2—Payment method.

3—Competition from Chinese soybeans.

Japanese processors once suffered a great loss because of the inferior quality of imported American soybeans. The main purpose of my visit to your country in August 1952 was to attend the annual convention of the American Soybean Association, and then to meet the authorities of the U. S. Department of Agriculture and also those people who are concerned with the soybean industry and its export, with the intention to explain to them the necessity to improve the quality of soybeans and to take immediately an appropriate step for the purpose.

Federal Inspection

After strenuous negotiations, I finally succeeded in obtaining the cooperation of the government and exporters concerned regarding the change from the licensed inspection to the federal inspection at the port of export. Since that time the quality of American soybeans that have arrived in Japan has turned out much better than before, if not entirely satisfactory. We are now very pleased that the American government, considering the various circumstances involved, decided to adopt the new grain standard from September on.

However, we consider that this is far from being satisfactory in view of the competition getting keener in the soybean markets all over the world, especially so as we expect an unprecedented bumper crop this year. Therefore, it is highly recommended that further effort is to be made to improve the quality, especially with respect to foreign material, moisture, splits, and damaged kernels; as otherwise it will be very difficult for U. S. soybeans to maintain and expand their overseas market.

Next problem is concerning the position of foreign exchange on our part. Even if the quality of American soybeans has become as good as that of Chinese soybeans, there will be some restrictions on the import of American soybeans as long as the Japanese economy has the problem of dollar shortage as at present.

Lastly, most important in connection with the import of American soybeans to Japan is competition from Chinese soybeans.

As I referred to a little while ago, the percentage of American soybeans in Japan's total import of soybeans was at its peak in 1952, occupying 96.9 percent; then it decreased to 91.1 percent in 1953, to 87.2 percent in 1954, and down to 72.2 percent during the first six-month period in 1955.

On the other hand the percentage of Chinese soybeans has rapidly increased from 5.6 percent in 1952 to 9.0 percent in 1953 and further to 24.7 percent in 1954.

The following are some of the reasons favoring the increase in imports of Chinese soybeans:

1—Chinese soybeans have been in use for a long time in Japan, and the people are very familiar with them.

2—Because of the geographical proximity, a shorter period is necessary for transportation.

3—The quality of Chinese soybeans is good.

4—No dollar payment is necessary.

On the other hand there are some reasons unfavorable to the importation of Chinese soybeans. They are:

1—The prices are generally higher than international prices.

2—China's trade is state-controlled and often influenced for political reasons.

3—Because of the restrictions stipulated by COCOM, Japan's exports to China have not increased enough.

4—No fundamental solution has yet been attained with regard to the payment method between the two countries.

However, it must be remembered that the above obstacles are being gradually removed and therefore America cannot overlook this trend.

In short, competition in the Japanese market between American soybeans and Chinese soybeans is, so to speak, competition between free trade and state-controlled trade.

We oil and fat manufacturers of Japan always wish to import freely and voluntarily the soybeans we need. If, therefore, it happens in the future that American soybeans are exported to Japan under Public Law 480 as a surplus agricultural commodity, we heartily desire that this will be done on the basis of free trade.

I have thus far pointed out the most important problems confronting American soybeans in the Japanese market. From the standpoint of us Japanese oil crushers we desire, as far as circumstances admit, to import American soybeans which have the advantage of cheaper prices and higher oil content. Therefore it is our interest to overcome the obstacles in connection with the import of American soybeans, but at the same time this must be a matter of concern for America also. Especially as regards the improvement of quality, constant efforts must be made to reduce foreign materials to bare minimum.

Recently it is reported that the American government has a project to send a mission to Japan to investigate thoroughly the market situation in Japan. We will welcome the mission and will be willing to offer any help we can.

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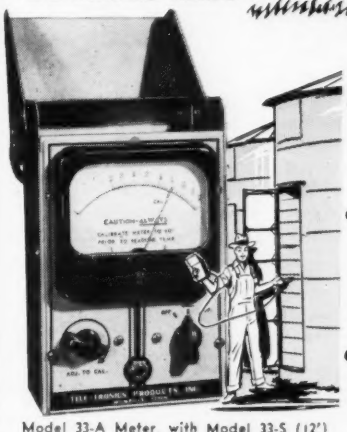

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Soybeans We Compete with in Foreign Markets

ASA's 35th Annual Meeting

By PAUL E. QUINTUS
Director, Fats and Oils Division,
Foreign Agricultural Service

U. S. and China-Manchuria produce all but 50 million bushels of world's soybeans

THE PRODUCTIVE capacity of American agriculture is far above our domestic requirements. In view of this simple fact it is perhaps trite to suggest that we need a healthy and expanding foreign market. Yet we find that the true significance of foreign outlets is frequently overlooked. Apparently, the American Soybean Association will not be caught short in this respect.

One of our important research functions, and one which we are currently giving increased emphasis, is to analyze the competition faced by exportable American farm products. This is necessarily a continuous project. It involves a detailed study in foreign countries of all the factors relating to production, marketing, and processing. For example, in the case of soybeans we need to know annual acreage, yield per acre and total production.

But much more than this is involved. There is the question of new varieties, new production techniques and machines, marketing schemes, government production incentives, if any, export prices and programs, grades and standards, and availabilities for export after domestic requirements are met. A continuous analysis of these and other factors gives us indications of trends and a measure of the competition to be faced by American soybean producers. This, in turn, provides fundamental information which guides us in shaping our domestic agricultural programs.

On the other side of the coin is the analysis and promotion of foreign outlets in importing countries. This is the type of work which has just been reported to you by Mr. Stedman. I do not treat that subject here except to say that it is another important phase of our activity. It is the main counterpart of foreign competition studies.

Now I cannot report to you that we know all we should about our foreign competition in soybeans; we have just made a beginning. Our agricultural attaches around the world are geared up to give this matter increased attention, and we have foreign competition branches in our commodity divisions with marketing specialists who travel abroad and make detailed studies of developments in foreign countries.

It is, or course, clear that our soybeans not only compete with soybeans from other areas, but with a large number of other fats, oils, and oil-bearing materials that are used more or less interchangeably in meeting total world requirements for margarine, cooking fats, and salad oils, and for protein feeds. However, for the purpose of this brief discussion, I will confine my remarks to the soybean production and trade patterns we see developing outside the United States.

1955 Crop Prospects

It is, unfortunately, too early to have learned much about 1955-crop soybean prospects in foreign countries. In any case, more than 85 percent of the production in foreign countries is concentrated in China-Manchuria. And as you know all too well, we do not have direct access to this area.

On the basis of information gleaned through Hong Kong, China-Manchuria apparently produced last year about the same quantity of soybeans as the United States. This means that the United States and China - Manchuria accounted for about 93 percent of world production with all other countries contributing about 50 million bushels out of an estimated world total of more than 700 million.

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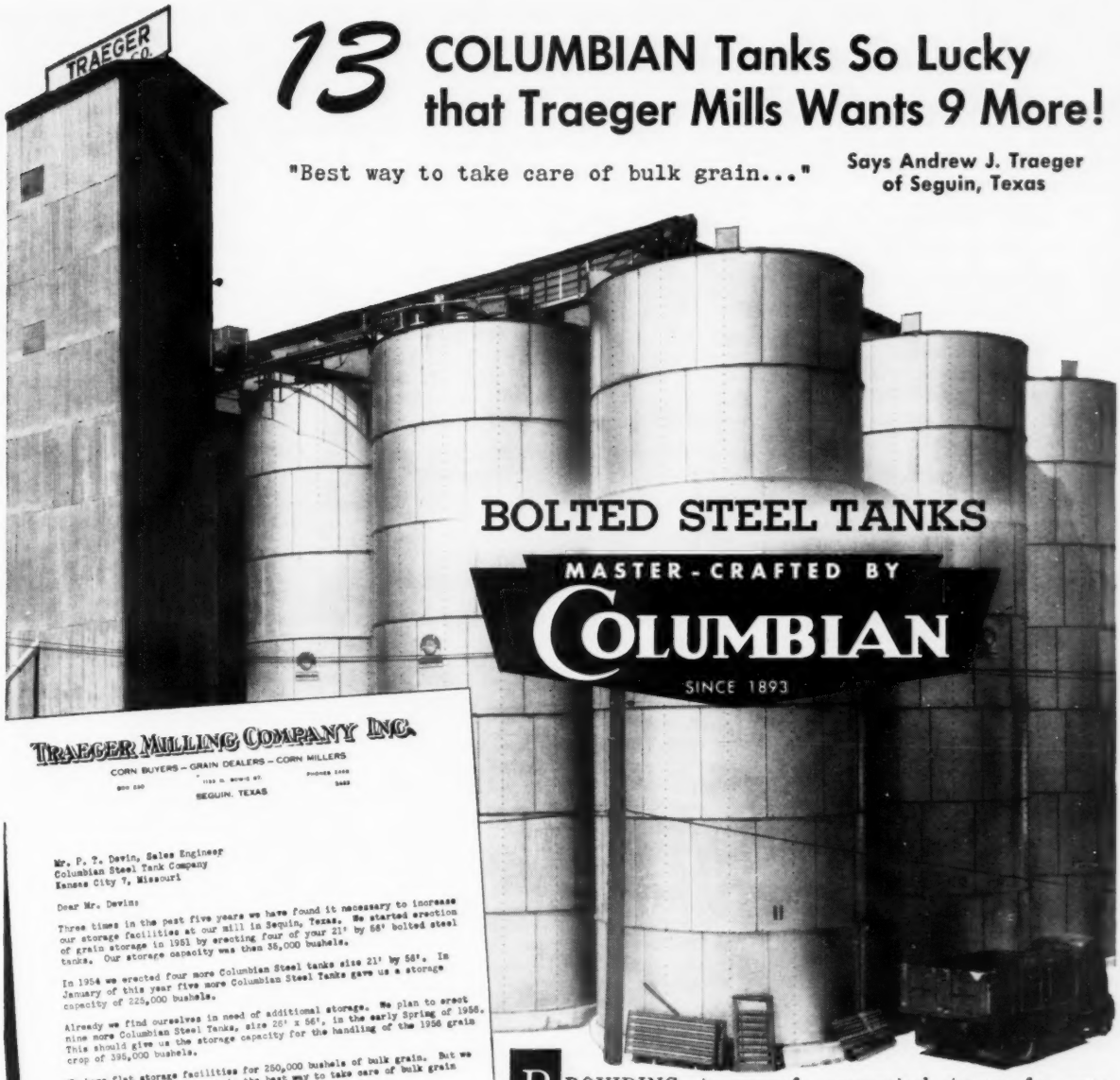

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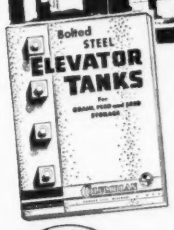
Andrew J. Traeger, Pres.



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In China, as in Japan, large quantities of soybeans are used in food preparations and are not crushed for oil and meal. In fact, all indications are that China is definitely short of edible oils. Yet, for political and trade reasons, China-Manchuria has re-entered the world market with soybeans in recent postwar years. According to an official Chinese source, 1954 exports reached 1,750,000 metric tons of soybeans and grains, of which more than half was soybeans. This would mean about 32 million bushels of soybeans. This compares with a prewar average of about 70 million bushels when the United States exports averaged less than 5 million bushels per year.

Less Than Prewar

So we have substantial soybean competition from China-Manchuria in foreign markets. It is still less than half the prewar volume of exports and we must continue to watch future developments. Our best guess is, taking expanding domestic requirements into account, that Chinese exports will remain well below prewar in the years ahead.

It is also to be noted that while large quantities of Chinese soybeans have been moving to Japan and Western Europe, we have not felt the full weight of this competition because much of the volume moves directly to the U. S. S. R. where soybeans are covered by a Chinese-Soviet trade agreement. Apparently a large quantity moves overland by rail since reported northbound movements of Chinese soybeans through the Suez Canal and shipments to Japan only account for about half the indicated exports.

Other important aspects of competition are quality and price. Much has already been said at these annual conventions and elsewhere about the apparent preference in Europe and Japan for Manchurian quality.

I will not comment on that subject today except to point out that we are making plans for a further detailed study of the situation within the next few months.

Since there is no free market in Communist China, export prices become a function of the state which holds a monopoly on exports.

The Japanese complain that prices asked from Japan are above those charged buyers in Europe and above the price of American soybeans. Nevertheless, some substantial business has taken place. You may have noted in the press that the Japanese recently purchased 50,000 tons of soybeans from China against a global quota which permitted the United States or any other country to make the sale.

In the case of Europe, prices are quoted in pounds sterling per metric ton, c.i.f. European ports. When these prices are converted to dollars and cents per bushel, we find they follow U. S. price trends up and down in a fairly regular manner. This does not necessarily mean that lower U. S. prices may not give us a sales advantage over the long run. It may well be that other countries cannot produce soybeans as efficiently as we can. At least where the economies are free, high U. S. prices tend to support prices in other countries and give incentives for competing producers to expand their output. Conversely, lower U. S. prices make production in other countries less profitable. It then becomes a question of the alternative uses of land and other resources in each country.

Now, as I indicated above, about 50 million bushels of soybeans were produced last year outside the United States and China-Manchuria. The trend of this figure has been upward but such increases have been slow in coming. This is especially noticeable compared with the rapid expansion that has taken place in the United States. This probably means that only limited areas of the world have natural advantages in the production of soybeans.

It is also to be noted that most of the secondary production occurs in countries which are deficient in soybeans and need to import additional quantities. Japan and Canada are important cases in point. Japan, for example, produces about 15-20 million bushels and imports about 20 million. Canadian imports, all from the United States, exceed production which reached 5 million bushels last year. Indonesia with 10-12 million bushels, also requires about the entire output for home consumption. It is true, of course, that any increased production in these countries reduces their dependence on imports.

Soybeans from other minor producing countries are finding their way into the export market and, therefore, compete with United States soybeans. Brazil, for example, exports a substantial proportion of its production which has now grown to 3.5 million bushels. Small shipments have also been made from Thailand, Turkey, and Nigeria. We need to watch these developments and appraise future trends.

As part of our competition studies in soybeans, we have recently collected several samples of soybeans which were delivered to foreign ports from the United States and from other exporting countries. At the request of your Association, this project was specifically timed so that the samples could be shown here in Cincinnati during your convention.

Credit is due our agricultural attaches in London, the Hague, Copenhagen, Bonn, and Tokyo for the forwarding of these samples. However, the job could not have been done readily without the full cooperation of the worldwide facilities of the Cargo Superintendents Co. in London. We appreciate the fact that a foreign firm willingly went out of its way to help make this study possible. We hope the results prove to be interesting and worthwhile.

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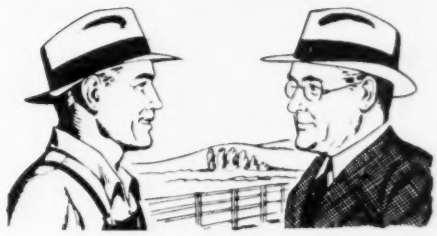

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An American View of the European Market

ASA's 35th Annual Meeting

By J. W. J. STEDMAN
Foreign Marketing Branch, Fats and Oils Division, Foreign Agricultural Service

We need continued improvement, both in quality and in public relations, to hold the European Market

I AM HAPPY to pass on some observations on the European market which have a bearing on the present and future outlet for American soybeans.

The economic situation in Europe has improved by leaps and bounds and as a consequence the standard of living has improved in all countries of Western Europe without exception.

Immediately after the war when we were faced with a shortage of food, cereals were in the greatest of supply and furnished the basic element of people's diets. With improved living conditions there has been a great change and more emphasis is now being placed on proteins such as milk, eggs, and meats as well as fats and oils, and there is less emphasis on cereals.

With the exception of France and Italy, the countries of Western Europe have now liberalized domestically, fats and oils and there is no longer rationing or regulation regarding the type of fat and oil used in the manufacture of edible products. As a consequence, manufacturers of cooking fats, margarine, and the like have improved the quality of their products tremendously. They are advertising extensively in all of these countries and consumption of these products has increased markedly.

Northern Europe has always been a deficit area as far as fats and oils are concerned and requires imports of large quantities of oilseeds for crushing, as well as vegetable oils, animal fats, and fish and whale oils. Speaking generally the crushing capacity in these countries is in excess of the amount of oilseeds that they have been able to obtain since the war. Most of these countries have liberalized fats and oils for industrial purposes, as well as oilseeds for edible use. However, in some cases there are still import controls on the vegetable oils themselves from dollar areas, although when necessary, import licenses are granted, the financing being arranged through currency switches and barter deals.

Prior to World War II the centers of Hamburg, Rotterdam, Antwerp, Hull and Marseilles were engaged in the crushing of oilseeds and the distribution of the resulting products was on a worldwide scale. At the end of World War II, due to shortages, damage to factories, and other difficulties, the areas lost their eminence. In recent years, however, Hamburg, Rotterdam, Antwerp and Hull have come back at least part way, but Marseilles has not made as great progress as the others.

No Longer Export

During and since the war many countries which were, previous to the war, exporters of oilseeds have become industrialized and now crush the oilseeds they produce. Examples of these are the Argentine, some of the British African colonies, as well as French African possessions, and as a consequence the amount of oilseeds available in international commerce is not so great as formerly. There has been a considerable change in the world pattern of production and distribution.

The United States, prior to World War II, was an importer of approximately 2 billion pounds of fats and oils per annum, principally for industrial purposes, but now has become an exporter of somewhat in excess of 3 billion pounds per annum, consisting of both industrial and edible types.

In the Mediterranean area, Spain, Portugal and Greece, consumers of olive oil, have in most years produced sufficiently for their own needs. In Europe the olive tree pro-

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duces a good crop one year, with an inferior crop the following year and somehow the trees in the entire Mediterranean area seem to produce alike for we have alternately annual large and small crops. Other factors such as the weather at the time of flowering affect greatly the potential size of the crop and in the very bad crop years these countries find it necessary to import liquid vegetable oils to supplement their own production.

Last year Spain suffered from a severe freeze early in the year and a number of trees were damaged. Later on, due to drought, the crop was further reduced and Spain has made arrangements to import about 40,000 tons of liquid edible vegetable oils this year. Early prospects in the Mediterranean area indicate that this year's crop in the aggregate will probably be no greater than last year. It is, however, too early to make any kind of estimate with accuracy.

Italy Needs Oil

Italy does not produce sufficient olive oil to supply its own needs and must import the oil equivalent of approximately 60,000 to 100,000 tons annually. This country assembled a stockpile of fats and oils at the inception of the Korean War. It has been gradually disposing of this stockpile during the past two years or so and will probably require to make arrangements for additional imports of oilseeds and/or vegetable oils by the spring of 1956. Italy has been importing supplies of oilseeds from the former Italian colonies and these have supplemented the sales from the government stockpile.

France has a support program for rapeseed and also has an arrangement with the French African colonies for the procurement of peanuts from those colonies. The agreed-upon purchase price for these commodities is in excess of world market prices. Purchasing of vegetable oils and/or oilseeds for both edible and industrial use is done under the direction of the Quasi-Government Agency SITOFAL and the oilseeds and/or oils are in turn resold to crushers and refiners at fixed prices. It has been estimated that France would require during this calendar year around 50,000 to 60,000 tons of soybeans as well as 30,000 tons oil equivalent of peanuts in addition to what was expected to be available in the African colonies.

For the production of linseed oil for industrial use in paint, etc., there is a requirement of 100,000 to 120,000 tons of flaxseed per annum. If this amount of seed is not available, France will have to buy additional linseed oil, but of course prefers to purchase seed since it has surplus crushing capacity and also needs the protein meal. Like other European countries, France favors those fats and oils required for industrial production and if she cannot buy sufficient flaxseed with soft currency will probably make available the necessary dollars for Canadian or American flaxseed when available.

France will also buy soybeans from China and/or Manchuria in preference to American soybeans since these can be paid for in sterling rather than in dollars.

The Eastern European countries have always been deficit areas so far as fats and oils are concerned. The quantities of fats and oils and/or oilseeds which could be absorbed by this area is at present unknown and of course would vary depending on the level of the standard of living permitted under regulations in effect. Rumors have always been rife regarding both purchases and shipments to this area. Shipments of lard and tallow and grease have been made under export license. There have been shipments of sizable quantities of linseed oil made to Russia and shipments of edible vegetable oils including cottonseed oil and olive oil have also been made to Black Sea ports. It has not been definitely established that any of the material is of U. S. origin.

Importers and purchasers of our fat and oil products in Europe would like to be able to purchase our commodities on a basis of landed weights and analysis, rather than on shipping weights and shipping analysis certificates "as final." These matters are the normal discussions that always occur between buyer and seller and it would appear that since we are now in a buyers' market, satisfactory adjustments could be made. There have been complaints regarding the quality of some of our soybeans, tallow and grease, lard, etc. It is felt that with the new standards for soybeans effective Sept. 1, together with the proper application of Federal Appeal Certificates, the complaints regarding soybans should be fewer.

Misunderstandings

Most of the complaints regarding tallow and grease were occasioned by misunderstandings between buyer and seller. Of course there always have been unscrupulous persons engaged in the export business as well as in other professions. However, such people are usually soon eliminated from regular business as soon as their methods are discovered.

Most of the countries in Europe, as has been stated before, have excess crushing capacity as well as excess refining and processing capacity. They also need the resulting protein meal and cake from crushing operations. It is natural, therefore, that they will give preference to the purchase of fat and oil materials of a quality and standard which is as near to the original raw material as possible, and since we are in a buyers' market it behooves us to recognize these desires and wishes.

The American Soybean Association, I am glad to say, is aggressive and has been instrumental in asking that standards for soybeans be set so that processors at home and abroad will be satisfied with the quality of American-produced beans. This undertaking, however, has only just been started and it will require continued effort both in the improvement of quality as well as improvement in public relations between seller and buyer to the end that American soybeans will be preferred over those produced in other countries.

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Defense of the Exporter

ASA's 35th Annual Meeting

By W. B. FOX
C. B. Fox Co., New Orleans

Most factors affecting quality are beyond the control of the exporter

THIS PAPER, "Defense of the Exporter," comes as somewhat of an anticlimax after the carefully prepared discourses you have heard about the abuses of the soybean export trade but having been lately offered the opportunity to defend the poor and lowly exporter, I felt it my duty to rise to his defense.

I suppose I was chosen because I have had longer experience with the export of soybeans from the United States than other shippers, our firm having been the first to export them abroad, just 25 years ago.

The exporter is apparently an unwelcome but necessary adjunct to the soybean trade for he is berated by the farmer and country elevator, he is looked on with suspicion and sorely treated by the seaboard elevators, the soybean inspectors and the federal supervisors and he is, of course, chastised and suspected of all sorts of misdeeds and abuses by the importers and processors abroad. Nor is he loved by the domestic processors.

The exporter, by his own admission, finds nearly every trade a profitless one and he is able to continue from year to year, in the case of my firm—61 years—only because of the huge volume of business he does.

My defense talk will not be very long for when all is said and the criticisms have been boiled down, one finds they are directed mainly at the U. S. Department of Agriculture which is responsible for the grading standards of soybeans, and to a lesser extent, at the farmers of the United States who do not properly clean their beans at harvest time with the machinery said to be available to them, and at the domestic grain trade who largely usurped the handling of the soybean crop from its inception since the soybeans were grown in the same areas as grain and the existing elevator facilities were found to be satisfactory for handling bulk soybeans—*satisfactory, at least, to the domestic processors during that period when there were no exports.*

Before the second World War, large bold exporters in Manchuria and China took hold of the soybean business in those countries at the expense of the poor peasants who, for want of machinery, were forced to hand pick and hand clean the crop. But in this country the tail could not wag the dog and the American farmers decided how much foreign matter should be in American soybeans and produced them as they pleased—so much so that the Department of Agriculture adopted its standards to conform with what was being produced and the meek exporters fell in line with the regulations given them to follow as I have shown earlier, when the grades were installed in 1931.

It is easy to say we should sell abroad on the basis of the samples established in London and our final price be determined by comparison with samples drawn from our shipments at time of delivery abroad. But what and who is there to protect the unfortunate exporter who must buy on these apparently inappropriate Department of Agriculture grades and sell abroad on entirely different terms and conditions? The exporter has no control over the grading of soybeans in interior markets, the grading at the Seaboard, which is often different from that in the interior, or the outbound grading on export shipments, which is again sometimes different from the inbound grading at the same spot.

I do not propose to defend the Department of Agriculture or the soybean standards but why should the exporter be called upon to bear the brunt of the difference in systems here and abroad unless he is accorded proper compensation, which he is not? Last year we made some sales to Europe on IOSA terms for which we received a premium of 1 percent as compared with LCTA or certificate final terms. This year we have not only been refused any premium for business on IOSA terms, but on the Continent, buyers have refused to accept these terms and have been insisting on LCTA contract certificate final, hoping I

1955 SOYBEAN CROP ESTIMATES FOR AUGUST

August 10, 1955 U.S.D.A. — **420 million bushels**
August 1, 1955 Leslie — **418 million bushels**

Subscribers to the weekly Leslie Commodity Letter received a remarkably accurate Soybean Crop Estimate of 418 million bushels in their letter for August 1, 1955. Ten days later the U.S.D.A. estimated the Crop at 420 million bushels. The day following the Government report the November contract sold 5⅜¢ lower than the opening price of August 1st, and subsequently declined with regularity into new season's low ground.

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suppose, they will obtain some advantage due to the lower foreign material content.

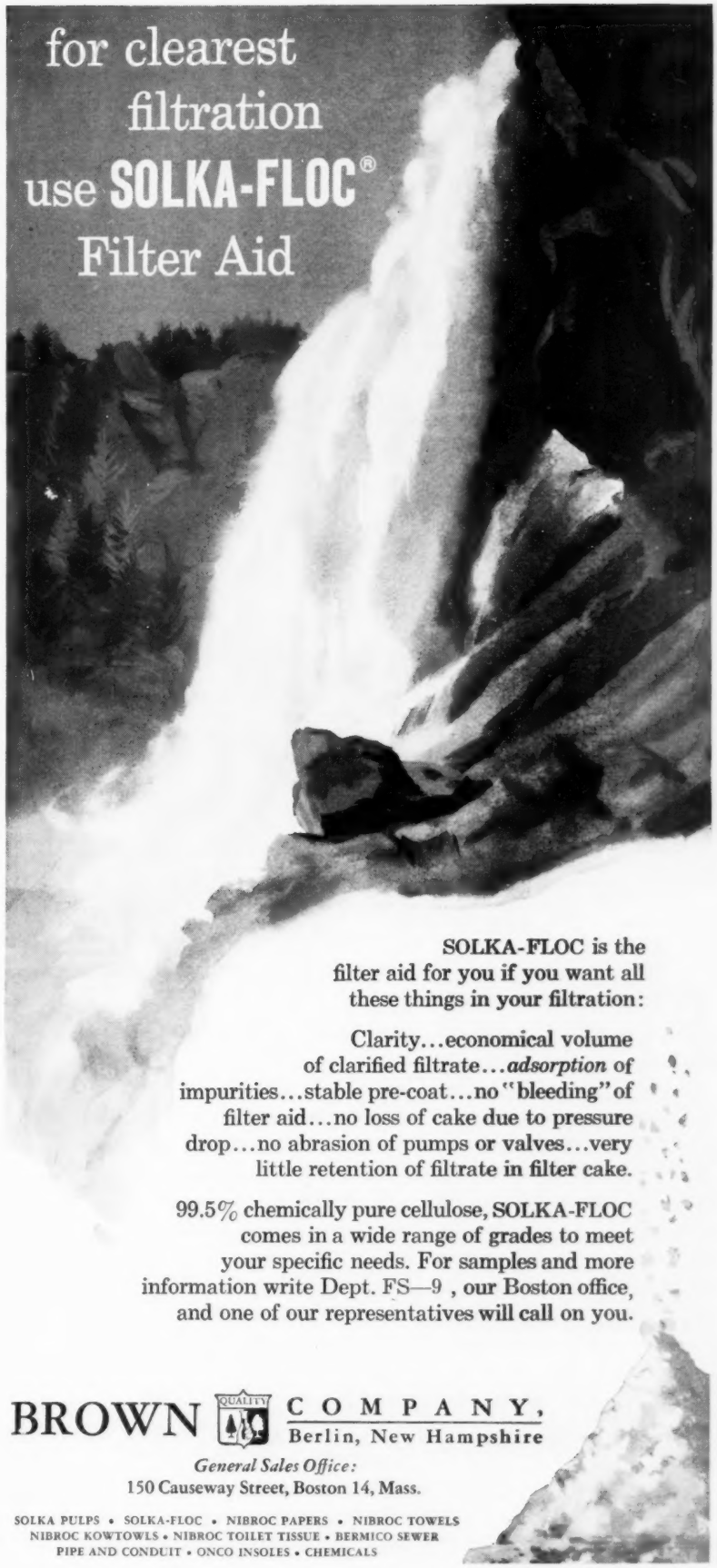
I can assure you the change in grades is very likely to prove extremely costly to exporters this year unless farmers quickly equip their harvesting machinery with weed seed and pod separators and the country elevators do an excellent job of cleaning before sending their beans on to Seaboard. For the past few years, soybeans have not averaged anything like as little as 2 percent foreign material. If the same is true this year, exporters will be forced to clean large percentages of their shipments and they will not only lose what small profit they contemplated but will face losses out of all proportion to their anticipated profits. Nor can they hope to overcome these screening losses this season by staying long a few hundred thousand bushels and having some "angel" push the Chicago futures up to $4.

There is another hazard facing the exporters and that is the amount of cleaning machinery available at Seaboard. There is not sufficient cleaning equipment in all port elevators on both coasts to keep a free and steady movement of soybeans to vessels if the foreign material inbound averages over 2 percent. Unloading of cars and barges will be delayed, vessels will collect awaiting berths, steamship demurrage will accrue in large proportions and contract deliveries will be delayed with penalties—or not met at all, thus perhaps, causing cancellation of high priced contracts.

By inference, the criticisms of foreign buyers are directed at the exporters but we feel no guilt. We have had little or nothing to do with the establishment of soybean standards—we are not present at the harvesting and we have no control over the manner in which soybeans are handled at the public elevators at the various ports. And you must remember, with the exception of one or two instances, nearly all soybean exports are handled through public facilities, owned by sovereign states or by railroads, who are completely independent of exporters.

No admixture of foreign material into soybeans is permitted at seaboard elevators and to my knowledge this has never been done. *Reports of such admixtures are pure gossip.* On the contrary, exporters have had to clean millions of bushels and we have sold the screenings to feed manufacturers and feeders in this country for a few dollars a ton.

It is absurd to intimate that the farmers produce lovely clean beans and that we, exporters, adulterate them with seeds, trash and other extraneous matter because everyone should know we are never able to have our hands on the beans. If any such manipulation were made, it would redound to the benefit of the



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port elevators handling the shipments yet they all insist they take losses in weight and grades at the end of each season. Nearly all export sales are made on the basis of federal appeal certificates whereas the exporter cannot enjoy such protection for his purchases, if protection it is, because the federal supervision department has not sufficient manpower with which to furnish appeal grades on all inbound shipments.

Federal supervisors are notoriously "tough" on export grading and we are surprised to learn that shipments abroad arrive with 10 and more percent of grain and foreign material. Such instances must be rare—and the result of mechanical failure somewhere along the line.

But no reflection is here cast upon the exporter, who had nothing to do with the grading and who only received from the port elevator, credit for *not* 3 *percent of foreign material*, but only 2.5 *percent of foreign material*. Seaboard elevators insist they cannot load out soybeans as well as they are graded inbound. If the outbound grading is as strict this year as it has been in the past, we shall need inbound inspection averaging 1.5 percent or at most 1.7 percent foreign material in order to make 2 percent outbound. This is wishful thinking.

Let me diverge for a minute to say that when the grain standards act was originally adopted it was never intended and *was so plainly stated*, that the Department of Agriculture was not taking over the grading of grain, otherwise Congress would have never passed the Act. Its function was to supervise the work of licensed inspectors throughout the United States and encourage them to grade in accordance with the established standards and revoke their licenses when they chronically failed to do so. Many of our states had and still have their own inspection departments and they consider it their sovereign right to inspect and grade grain within their borders.

If and when someone from the Department of Agriculture advised European buyers that they could obtain better quality by calling for Federal Appeal certificates on their outbound shipments, he was violating the spirit if not the letter of the grain standards act and he was inferring that the inspectors of the various Boards of Trade, Chambers of Commerce and separate states, whom he had licensed, were not living up to their sworn oaths, which I think is a rather serious reflection.

It is interesting to note that foreign buyers are still not satisfied with the quality of soybeans they are receiving and now are casting the same aspersions on the federal supervisors as they did on the licensed inspectors. I feel this country must soon decide whether we are to have federal grain inspection or return of the Department of Agriculture to its function of supervising—not grading.

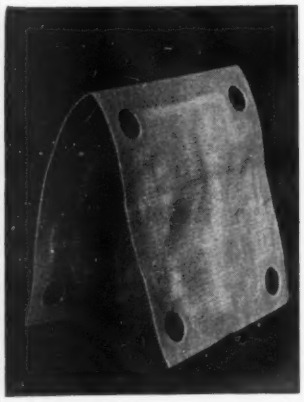
I do not believe the American exporters have a "take it or leave it" attitude because I have never seen it exhibited. Quite the contrary, they are so eager to do business and please foreign buyers that they cut their margins to nothing—sometimes below nothing, and they give all sorts of concessions and considerations which they know are unwarranted.

We were threatened with the loss of our wheat export business in the past if we did not sell on terms similar to IOSA terms, as Russia and the Argentine were doing, but this country and Canada have been able to hold to a large portion of the wheat business on certificate final terms and foreign buyers seemed quite satisfied with the quality they receive.

The threat of losing soybean business to Manchuria is real in the case of Japan where the distance from the port of embarkation to Japan is only 900 miles whereas from the United States Atlantic or Gulf it is 17,000 miles and the cost of ocean transportation correspondingly higher. But the thought of losing business to Europe—by that I mean free Europe—is not nearly so great since the distance by ocean is 11,500 miles from Manchuria and 5,700 miles from the Gulf and only 4,300 miles from Atlantic ports. *We should monopolize the business to Korea as long as we give them the beans for nothing and for obvious reasons we shall probably continue enjoying preference to Formosa as long as Chiang Kai-shek is headman there.* One can estimate the value of Manchurian beans compared with the United States by knowing the oil and foreign material content of each and it is likely that we shall continue to enjoy the business to Europe whenever we are cheaper, all factors considered, and *the European countries have the dollars or acceptable currencies with which to buy our soybeans.*

I shall not dwell on Brazilian, African and other soybeans since the exportable supplies they produce are negligible but the same situation is likely to prevail from them—*they will obtain the business when they are relatively cheaper and we shall have it when we are.*

In closing, let me say that we exporters—most of whom are members of the North American Export Grain Association — are entirely in sympathy with the foreign buyers. We would like to see soybeans grown and harvested cleaner in this country and shipped the same way and we would like to see the soybean grade standards corrected to more nearly conform with what we receive and ship but realistic as far as the average production in the United States is concerned. It is unfair, however, to point the finger of suspicion at us for certain weaknesses or undesirable conditions which prevail in the soybean trade in the United States—nor should we be held responsible if foreign material in the form of grain is increased in seaboard elevators by reason of these facilities at the same time handling grain. Nor for that which is undoubtedly picked up in some grain elevators abroad while being discharged. We shall be glad to join in any movement for the correction of evils in the trade, but remember, we exporters are a very small group and numerically carry little weight in Washington or abroad.



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The Revised Soybean Standards

By JASON E. BARR
Grain Division, Agricultural Marketing Service

All interested parties will have to cooperate if the American system of marketing grain is to work

ON SEPT. 1, improved standards for soybeans became effective. The standards are required for use in merchandising soybeans by grade in the United States. They also apply to soybeans sold by grade for export.

This is the first change designed to improve the quality of the soybeans in terms of the official standards in recent years. Unfortunately, this commodity has been tossed around in the field of standardization. The tendency too long seems to have been to loosen up on the requirements for the respective grades in the standards for the purpose of making it easy to comply with such standards. There is ample evidence that the pendulum has swung too far to the left.

With production increasing, it was natural that the product was attracted to markets in other countries. This brought the standards, or the quality of soybeans represented by the standards, under the spotlight of criticism from buyers in Europe and Japan. Finally, a change for the better has been approved.

At this point, it would seem to be in order to review changes that were proposed as well as those which have been made effective. As you recall, public hearings were held during February of this year to consider a reduction in foreign material as proposed by this Association.

The Department felt that other refinements or changes were desirable. These were added to the list presented to the public for discussion. These included: a limitation on heat damage permitted within the limits of total damage in each of the grades; a change in the definition of splits to include only splits and pieces of soybeans that are not damaged; a provision that purple mottled or stained soybeans be graded not higher than No. 3, and certain relatively minor changes designed to clarify the application of the standards, all of which were adopted.

Moisture Proposal

In addition consideration was given to proposals that moisture content be reduced from 13 percent to 12 percent in No. 1 grade, or that moisture content be reduced to 12 percent in No. 1, 13½ percent in No. 2, and 15 percent in No. 3 and, last but not least, that the classification of yellow and green soybeans be changed to provide that only varieties with yellow seedcoats be classified as yellow, and that varieties with green seedcoats, whether green or yellow in cross section, be classified as green.

Arguments for a reduction in moisture content were divided. Although data obtained from inspection records indicate that a reduction in limits on moisture is justified, it was not shown that present limits were unsafe for storing and merchandising soybeans. Normal levels of moisture in soybeans harvested in some important producing areas also appeared to be in line with the present limits for this factor in the grades. Therefore it was concluded to make no change in moisture limits at this time.

The proposal to reclassify yellow and green soybeans met with strong opposition from all organizations and groups in the lower Mississippi Delta area and in the Atlantic Sea-

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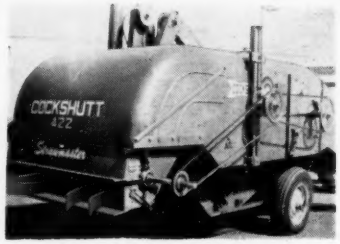

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board producing states. The Department felt at the time and is still of the opinion that a reclassification of these soybeans is necessary if we are to have standards that clearly reflect distinct types of yellow and green soybeans. We are still open to suggestions and hope that this needed refinement in the standards can be brought about. A certificate reading No. 2 yellow soybeans for example means little to a purchaser who expects to receive soybeans of a clear yellow color and finds upon examination that the delivery consists of soybeans predominantly green in color although yellow in cross section.

This is not a matter of setting aside one type of soybean from another where it may be discriminated against. Appropriate discounts for any less desirable type or quality of a commodity will always be applied. Likewise premiums will be offered for superior quality or for types that are best suited for a given purpose.

"Midwest Origin"

Reports are current that sales are made of yellow soybeans designated "Midwest origin" and ordinary yellow soybeans. The latter may include soybeans with green seed coats. In one case such soybeans are reported to be binned separately in an elevator to facilitate shipments to apply on contracts. This action would appear to support the position of the Department by indicating a need for a separate classification of yellow and green colored soybeans. The use of standards in the marketing of a commodity does not induce premiums and discounts but rather provides a basis for more equitable premiums and discounts.

On the whole, the revised standards constitute a marked improvement. There are those who still contend that the standards will hinder merchandising and storage operations because of the smaller limitation on foreign material. On the other hand there are indications that growers welcome the incentive to harvest cleaner soybeans. To this extent they will aid in restoring confidence in the quality of their product. Is it unreasonable to assume that with the best effort on the part of others who handle soybeans the higher quality of the commodity can be maintained through marketing channels? When it is recalled that formerly, that is prior to 1941, the percentage of foreign material in No. 2 was 2 percent and consisted of all matter that passed through a sieve with perforations 10/64-inch in diameter, whereas the present definition is based on an 8/64-inch sieve, one finds it difficult to visualize the lower foreign material limitations as a hazard in handling soybeans. On one point we feel sure, and that is we must continue to improve and refine the standards wherever practicable.

No standards of quality mean very much unless related to identified lots of the grain. This is done through the medium of official inspection. In the case of soybeans, such inspection is performed under the provisions of the U. S. Grain Standards Act and regulations thereunder. Inspectors are licensed by the Secretary and their work supervised by the grain division, Agricultural Marketing Service.

Efforts are directed to the correct application of the standards and the issuance of inspection certificates that represent the quality of each lot inspected in terms of the standards. It is not an easy job. The inspector encounters difficulties not altogether of his making. His job is discharged more effectively when he has the cooperation of interested parties, including shippers, elevator operators, and exporters. When the soybeans are of uniform quality and made accessible for examination, the correct grade is more readily determined.

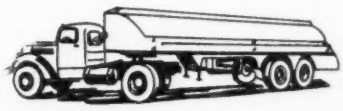
Any irregularities in these operations or any lack of uniformity in the grade or quality of the soybeans tendered for inspection may result in complications. If the soybeans are not uniform as to quality, the inspector is obligated to issue separate certificates for each identified portion of a lot of different grade. The latter applies particularly to soybeans inspected at the time of loading on a barge or on an oceangoing vessel for export. Care must be exercised in definitely identifying the cargo. This is done by holds or other stowage, with separations indicated whenever used.

May Appeal

Anyone dissatisfied with the grade applied by a licensed inspector may appeal to the Secretary for a determination of the grade of the lot in question. If an appeal is desired on a cargo, the application must be filed in advance of loading. This is necessary in order that the supervisor may have samplers aboard the vessel to sample the soybeans at the time of loading, or at the same time as the inspection by the licensee. When the appeal grade is thus determined a Federal Appeal Grade Certificate is issued. The certificate issued by the licensee is then surrendered to the supervisor and superseded by the appeal.

About three years ago when complaints were being received regarding the quality of American soybeans exported, it was suggested that the appeal privilege be used. Soon thereafter applications were filed for appeals on cargoes being loaded. Since that time reports indicate more general satisfaction with cargo deliveries. Although an occasional complaint still comes to us, the records show a very high degree of efficiency in the handling of appeals on soybean cargoes.

Your attention has been called to an exhibit made up of soybean samples taken from cargoes discharged at European and Japanese ports. These represent soybeans from Bra-

Ship By 

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zil, Canada, the Orient, and the United States. These samples when received in the United States were referred to the board of grain supervisors of the Agricultural Marketing Service for examination. Detailed analyses were determined, including test weight, splits, damage, foreign material and class. This was followed by a statement of grade and class in terms of the present and revised standards. In addition the samples were tested for oil content on a moisture-free basis and for iodine number of the oil.

Summarizing the results of these analyses briefly, the samples from Brazil graded No. 3 on account of damage both under the present and revised standards. These samples were relatively free from splits and foreign material and except for damage would grade No. 1. Samples from the Orient also were relatively free from splits and foreign material, and most of them low in damage. However, these samples were not uniform as to class and type. One consisted of black soybeans, one graded No. 1 mixed, consisted of bicolored soybeans, five samples were classified yellow under the U. S. standards, but two of those contained green seed coats.

Samples from seven cargoes originating in the United States were received. Two of these were loaded at a Gulf port and the others at Atlantic ports. Under the present standards, two samples graded No. 1, four samples graded No. 2 and one sample graded No. 3. Foreign material was the grading factor in four of the samples. Because of this factor, these four samples would grade lower under the revised standards than under the present standards. No change would be made in the grade of the other three samples. Some of the U. S. samples contain more or less soybeans with green seed coats, characteristic of soybeans grown in some areas and classified as yellow.

A comparison of oil content of these samples may be significant. The samples from Brazil were somewhat higher in oil content, ranging from 20.2 percent to 21.5 percent moisture-free basis, averaging 20.9 percent while those from the Orient ranged from 19.2 percent to 20.3 percent, and averaged 19.5 percent not including one sample of black soybeans which tested only 16.6 percent. Samples from soybeans originating in the United States contained 19.9 percent to 21.5 percent, averaging 20.7 percent. Only three samples were received from cargoes originating at Canadian ports. These are similar in character to those from United States ports, but lower in foreign material, and contain somewhat less oil.

The limited number of samples may not be conclusive. They are however indicative of a comparison of the quality of United States soybeans with those from other countries, particularly Brazil and the Orient. The point which may be considered in favor of the samples from other countries is the low percentage of foreign material. If we can assume that this factor is controllable and that it can be reduced in American exports the quality of the cargoes represented by the samples from the United States, taking into consideration the oil content, would rank with the best.

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It is not out of place here to again remind this group that the U. S. standards for soybeans are developed and promulgated under authority of the United States Grain Standards Act. In developing standards or in revising standards, we are guided by factual evidence obtained regarding methods of producing and harvesting grain, problems in preparing grain for market, and consumer requirements.

Everybody Obligated

It is natural that there be difference of opinion as to the value to be placed on certain conditions which may develop. When a crop has increased so rapidly, as in the case of soybeans during recent years, it is difficult for standards to keep pace with the requirements of the industry. A period of trial and error seems inevitable. In the end, however, it is to be expected that equitable standards will result.

Licensed inspectors and the supervisory force in the Federal Department are obligated to apply the standards accurately for the benefit of the entire industry, but the Federal Department has a further obligation to the industry under the United States Grain Standards Act.

Likewise, those engaged in merchandising and warehousing soybeans have an obligation to perform under the provisions of the Act. This has reference to those provisions which are designed to prevent misrepresentations as to grade or practices having the effect of influencing the grade. Inspection is required when the grain is sold by grade in interstate or foreign commerce. Shippers and exporters can greatly assist by loading grain uniformly, making it readily accessible for accurate sampling for purposes of inspection by licensed inspectors and for appeal when requested.

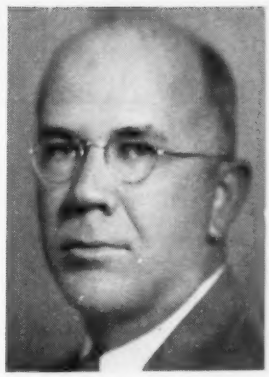
We believe in the American system of merchandising grain. If it is to endure, all interested parties must cooperate in seeing that it is not abused and made subject to criticism. Furthermore, we can do a lot towards maintaining that system by better understanding it ourselves and assisting others in becoming more fully conversant with its advantages. The Department feels keenly its responsibility in maintaining the integrity of the inspection service set up under the provisions of the Grain Standards Act, which is the nerve center of that system.

It is not enough, however, to train and license inspectors and supervise their work. This we will do to the limit of men and facilities at our disposal, but industry can help effectively in preventing misgradings and assist in maintaining the desired degree of efficiency in the application of the standards.

ASA's 35th Annual Meeting

GOVERNMENT PROGRAMS

Government Position In Fats and Oils



The government has moved its old oil stocks and taken action to encourage movement of new crop

By J. E. THIGPEN

Director, Oils and Peanut Division, Commodity Stabilization Service, U. S. Department of Agriculture

YOUR executive vice president asked me to review experiences during the past year in disposing of government stocks of edible oil and to explain the current "government" position in edible oils.

In August 1954, CCC owned about 825 million pounds of cotton oil produced from 1951, 1952 and 1953 crop seed. Much of the oil was stored on an "identity-preserved" basis. It was not being rotated or replaced by new crop oil. There was danger that deterioration in quality of some of the oil would necessitate sales at sacrifice prices.

Although this CCC inventory of cotton oil represented the only large reserve of edible oil existing in the world at the time, the trade generally was anticipating adequate supplies and lower prices for fats and oils. Many people thought that CCC would be fortunate to sell as much of this oil in the year ahead as it likely would acquire under price support operations then beginning on the 1954 crop. Those of us in the Department, along with members of the trade generally, were disturbed and worried about the situation.

During the summer of 1954 conferences were held with cottonseed and soybean crushers, with refiners and with exporters. Out of these conferences came various suggestions and decisions relating to the situation. First, it seemed necessary to arrange for rotation of the old oil. Fortunately, rotation became unnecessary when sales were made more rapidly than anticipated.

The second decision related to the method of selling. At that time, CCC was offering all of its oil on a monthly sales list at a flat price. This permitted sellers of oil in other countries to move their supplies at prices just below the CCC prices as long as they wished to do so. It kept the depressing weight of *all* of the oil on the market at *all* times.

As you can understand, CCC officials wanted to sell the oil. Large sales could not be made quickly, however, except at sharply reduced prices. On the once-refined oil in inventory, CCC had previously tried to sell by inviting bids from individual buyers as they might wish to submit them. This created an untenable situation because each individual buyer wanted to purchase at a price lower than the prices on previous sales. Recent experience in selling crude cottonseed oil on a competitive bid basis had proved to be workable and satisfactory. As already indicated, the offers of once-refined oil on a flat price basis were not getting results.

CCC'S Decision

After extended discussion, CCC finally decided to offer stated quantities of oil for sale periodically on a competitive bid basis, without any specific limit upon the total quantity which would be sold over a period of months and without specific limit as to the prices at which sales would be made.

Under this policy CCC offered the oil on a basis which made it competitive in world markets but with a firm commitment against "dumping."

On Aug. 27, 1954, CCC offered 30,000 metric tons of cottonseed oil

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on a competitive bid basis. Bids were received for approximately 53,000 and accepted for 19,813 metric tons. The average accepted price for bleachable prime summer yellow cottonseed oil was approximately 11⅛ cents per pound compared with the previous list price of 12⅛ cents. Prices held near this level on subsequent offers until the first half of November. Prices then began to strengthen and toward the end of January climbed to 12.5 cents per pound.

At that point, sales came to a near standstill. It was reported that a substantial quantity of the oil sold by CCC was in storage abroad and that the original buyers were finding it difficult to resell and move the oil to users. At about this time, India authorized increased exports of peanut oil. This oil was sold at prices relatively lower than the prices which CCC had been receiving for cottonseed oil.

During this period, also, negotiations were under way with foreign countries to arrange for sale of surplus agricultural commodities for foreign currency under the provisions of Public Law 480. These negotiations for a time actually had the effect of retarding sales of cotton oil. Under these conditions CCC, in keeping with expressed policy under which the oil was offered for sale, reduced its offerings and rejected lower bid prices.

Toward the end of April, trade reports indicated that offerings of Indian peanut oil were no longer so heavy and that buyers had been able to move most of the oil previously purchased from CCC. Also, some countries were ready to begin purchases under Public Law 480 authorizations.

Sales were resumed in May and prices climbed to over 13.5 cents per pound for bleachable prime summer yellow oil.

Small Inventory

Today, CCC has an uncommitted inventory of once-refined cottonseed oil of approximately 30 million pounds. In addition to the 825 million pounds on hand last August, CCC received 228 million pounds of oil (mostly crude) from the 1954 crop. Including sales for export of 766, total disposal in the past year has amounted to just over a billion pounds. Total disposal breaks down about as follows:

Export sales	766
Foreign donations	95
Domestic sales	55
School lunch and domestic donation	87

These highlights of experiences in the sale of cottonseed oil for the past year reflect a relative fortunate conclusion to a difficult problem, even though CCC losses on the oil are estimated at near $70 million. Certainly, had the oil not been sold, storage and other costs to CCC would have mounted. Rotation would have been necessary to protect the quality of the oil. Part of it might still be on hand as a depressing factor in the market.

Several factors have been important in the early completion of sales on a reasonably satisfactory basis.

First, the people in industry have cooperated fully with those of us who are in the government. Processing, handling, and storing of the oil have proved to be good. Few problems have arisen on quality of the oil. Exporters who bought the oil from CCC and sold it abroad, along with brokers and other members of the trade, gave us information and advice currently on the market situation abroad.

The second *and most important factor* in the rapid movement of the oil has been the need for it in foreign countries. Demand was greater than anticipated. Shortages in supply which were not expected a year ago became apparent during last fall and winter. For example, the sunflower seed crop in Argentina was reduced sharply by drought conditions. This created a need for oil not only in Argentina but also in other countries which imported from Argentina. The Spanish olive crop was smaller than anticipated in 1954.

A third factor which should not be underrated is the stimulus to exports of U. S. agricultural surpluses by Public Law 480 and MSA-FOA funds. Some countries have been able to procure and use more oil under the provisions of Public Law 480 which permitted sales for foreign currency and with the aid of MSA-FOA funds than they could have procured in the absence of these aids. This probably improved world demand for oil by enabling some countries to maintain or increase per capita consumption above levels which would have prevailed otherwise.

Aside from the foregoing points, as a member of the large team which you know as the U. S. Department of Agriculture, I should like to express appreciation for the part played by those in the Department's Foreign Agricultural Service, particularly the agricultural attaches and FAS specialists in fats and oils who have visited and worked with the agricultural attaches and members of the trade in various countries.

It is interesting to note, although largely unrelated to the cotton oil sales, that the U. S. also has sold all of its old stocks of linseed oil. These sales (including the oil equivalent of flaxseed) have amounted to about 800 million pounds since January 1954. During the same time Argentina and Paraguay sold their stocks of linseed oil. There is limited use of linseed oil for edible use in some foreign countries and, as you know, linseed and soybean oil are com-

petitive to a considerable extent for industrial purposes.

Department officials are relieved by the fact that the surplus oils accumulated under prior price support operations have moved into the market. We are highly appreciative of the cooperation and assistance which industry representatives, including growers, have given us.

Now, what is the current "government" position on edible fats and oils? Although there is no "surplus" to carry over, CCC, along with the fats and oils industry, likely will have some interesting problems in the year ahead. The U. S., if crops materialize about in line with the August estimate, will have fats and oils available for export above domestic requirements during the year beginning Oct. 1 in somewhat larger volume than in the current year.

Estimated exports for the year ending Sept. 30, 1955, are about as follows:

Cottonseed oil (CCC and commercial) 900 million pounds
Soybean oil, 50 million pounds
Lard, 550 million pounds
Butter (fat content), 120 million pounds
Other "edible" fats and oils, 40 million pounds
Soybeans (oil equivalent), 605 million pounds
Total, 2,265 million pounds

With these exports plus estimated domestic consumption of about 8 billion pounds during the year, the U. S. will have no surplus of edible fats and oils (except butter) to carry over on Oct. 1 of this year. Further, there appears to be no world surplus to carry over.

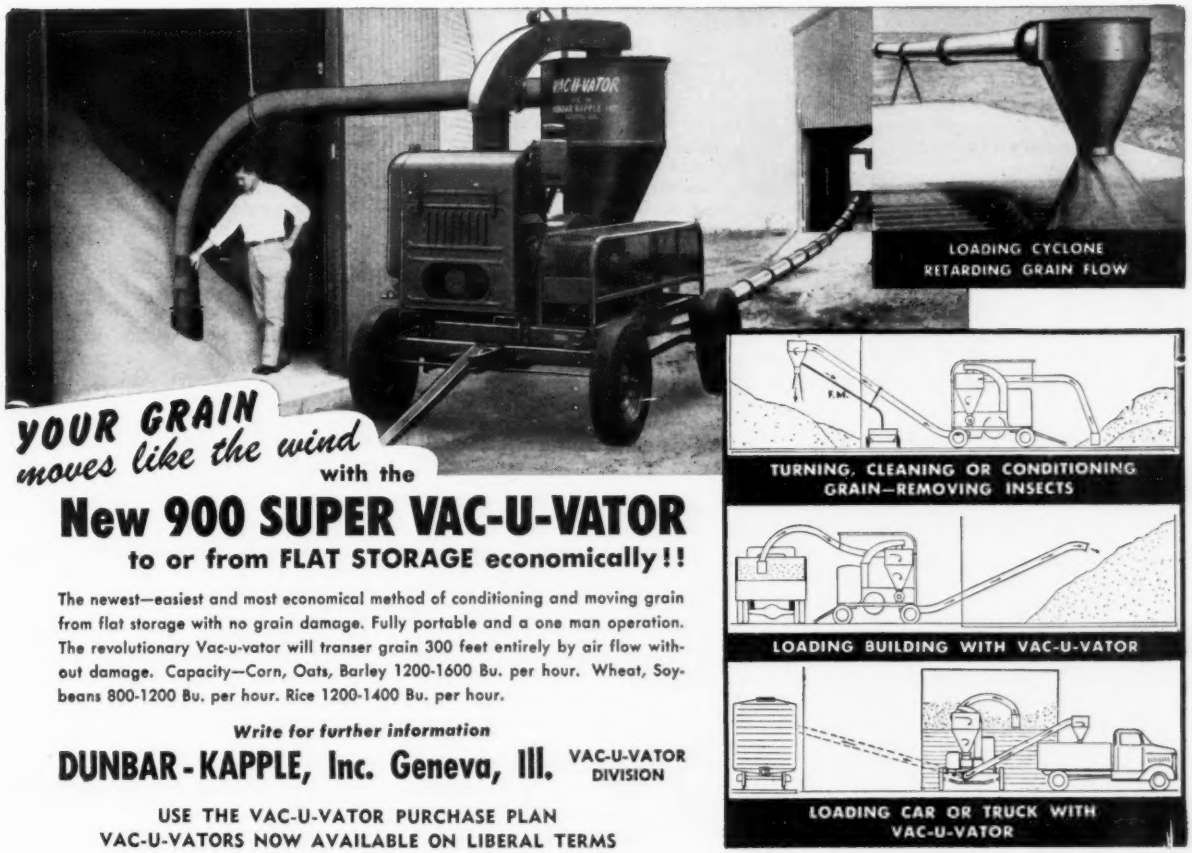
For the year ahead, based on the August crop estimate, the estimated total U. S. supply of edible fats and oils (including the oil equivalent of seed exports) for the year beginning Oct. 1, 1955, is about 11.3 billion pounds compared with about 11 billion for the current year. With the reduced cotton crop and no surplus old stocks, the quantity of cottonseed oil available for export will be smaller. However, foreign buyers will be able to purchase cotton oil in the U. S. market from supplies which are available. Production of lard will be up. The major increase in our supply of fats and oils is expected to be from soybeans. Therefore, U. S. exports of soybeans and soybean products will need to be increased substantially if the surplus is to be moved successfully.

From this brief reference to statistics, it is apparent that the U. S. again will be a large net exporter of fats and oils in the year ahead. These U. S. exports likely will again provide the basis for maintaining or possibly increasing world consumption.

In view of this, it would seem that our common objective should be to take action which appears most likely to encourage exports on the soundest possible basis from the standpoint of this country and our friends in other countries.

The Department has already taken some steps to encourage exports. First, with the support of grower representatives who want to see a larger market for soybeans, the price support levels for 1955-crop soybeans, cottonseed and flax were reduced. This should permit larger exports, as well as domestic usage through regular marketing channels. We do not again want to accumulate burdensome surpluses of fats and oils in CCC inventory which tend to retard trade and to depress markets generally.

Second, when it became apparent about six months back that CCC likely would liquidate its inventory of old cottonseed oil, action was initiated which led to the broadening of authorizations under Public Law 480 to permit purchases of cotton or soy oil or lard in the market or, if available, from CCC stocks. Previously, Public Law 480 authorizations had been limited to cottonseed oil.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How Soybeans Fit into The Farm Programs

ASA's 35th Annual Meeting

By MARVIN L. McLAIN
Director, Grain Division,
Commodity Stabilization Service

Real problem with soybeans is to prevent unlimited acreage diversion from other commodities

WHEN I was asked to talk about "Soybeans and How They Fit Into the Farm Programs of the Future" I realized that this question could not be answered without possessing some insight of the future of our farm programs. And as I project these programs into the future, and visualize the difficult and complex problems which these programs will be called upon to deal with, the thought which first enters my mind is that soybeans "do not fit" in these programs. Upon further reviewing the soybean situation and its outlook in the light of the facts known at this time, I decided, at the risk of being misunderstood or misquoted, to make this thought the keynote of my talk.

As far as our farm programs of the next few years are concerned, they will have to provide producers with greater incentives towards balancing production with market outlets. Price supports cannot indefinitely be used to protect agricultural producers against the necessity of adjusting themselves to the longtime forces of supply and demand; rather, the incentives to produce, to the extent that price supports provide such incentives, must reflect the needs of the markets in order to insure the efficient employment of our resources of production. Changing prices and changing price relationships will be accepted by farmers, as they are accepted by other groups of producers in our economy, as the criteria by which they may know the needs of the markets.

Extension of the rigid wartime price supports, designed to stimulate production, into a period of shrinking export outlets not only prevented our agricultural production from readjusting itself to a normal volume and pattern, but resulted in the large-scale production for sale to the government; vast accumulation of surpluses under government ownership; pricing of our export commodities out of markets; excessive, aimless, and wasteful expenditure of public funds; and progressive extension of government controls over our agricultural economy—developments which all of you are only too familiar with.

The institution of a system of flexible price supports based on supply for the basic agricultural commodities has been heralded as a far reaching accomplishment in facilitating reconversion of our agriculture to peacetime economic conditions. The basic legislation enacted last year has restored, within certain limits, the fundamentally functional role of prices of adjusting production and consumption to each other, thus helping farmers solve many of their problems with less reliance on government intervention and controls.

The flexible price supports, ranging from 90 to 75 percent of parity and the gradual shift to modernized parity are designed to aid farmers in adjusting their production to realistic market prices in keeping with the current needs of markets. Instead of maintaining farm incomes through high unit-returns at the expense of volume of production, as attempted under previous legislation, the legislation enacted last year aims to increase farm income through high-level production at the expense of unit-returns.

Adjust Supplies

Under this new legislation, which may be expected to govern our farm programs in the years ahead, farmers, instead of being forced to curtail their production to levels at which price supports at 90 percent of parity could be maintained, and subjecting themselves to the stringent government controls necessary to make such programs work, are to be offered a system of production and price policies under which needed readjustments in supplies may be effected or facilitated by price adjustments in preference to production adjustments.

Price supports based on supply are, of course, not new as far as the non-basic agricultural commodities are concerned, for which no change of legislation was needed to implement such programs. Under the Agricultural Act of 1949, the question as to whether price supports should be made available for a non-designated, non-basic commodity and the level of such support are largely a matter of discretion on the part of the Secretary.

With soybeans a non-basic commodity, you may wonder why I am calling attention to the new policies of price support in effect for the basic commodities. There are a number of reasons why the operation of the flexible price supports, which were initiated for the basic commodities with the crops of 1955, may have significant effects in the years to come on production, market outlets, and prices of non-basic commodities.

A policy of maintaining income to

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producers of the basic commodities by efforts to expand consumption through lower price supports in preference to further curtailment of production, will, to the extent that it is successful, ease off the pressure of acreage diversions under the operation of acreage allotment and marketing quota programs for these commodities, with drastic acreage curtailment of all of the basic commodities, with the exception of corn, enforced by marketing quotas, the shifts of acreage from surplus crops to other crops which were not yet in surplus and for which price support was available for unlimited production has become a serious problem.

With the view to restraining the diversion pressures from the basic commodities under acreage control programs, the Department, prior to the planting of the 1955 crops, announced cross-compliance and compliance with a total acreage allotment as conditions necessary for price supports. For all farms, these provisions would have required compliance with all individual crop acreage allotments established for the farms as a condition of eligibility for price support on any crop grown on the farm. For farms where the limitation of individual crop allotments called for the diversion of more than 10 acres, the additional requirement would have been compliance with a "total acreage allotment" established for the farm. Such "total acreage allotment" was to include the individual 1955-crop allotments and the 1953 acreage of other designated crops, principally the feed grains and oilseed crops.

Controls Not Used

These rigid controls were, however, not put into effect. In September 1954, a combination of circumstances, principally the spreading drouth condition, prompted the Department to rescind these controls. If they had remained in effect, they would have been the most drastic controls ever imposed on our farmers.

As much as these controls would have been counter to the feeling of farmers and to the national economic policies of this Administration, freedom from any restrictions on the use of diverted acres has become the most vulnerable feature of our present price support program. The extent of diversion of acres under marketing quotas to crops for which price support is available for unlimited production is illustrated by the crop acreage statistics for 1955.

The acreage for harvest of the basic commodities for which marketing quotas are in effect this year totaled 69,463,000 acres, a reduction of about 9½ million acres from the acreage of these crops harvested in 1954 and a reduction of nearly 28 million acres from acreage harvested in 1953. The 1955 acreage for harvest of the non-basic commodities under price support is reported to total 96,472,000 acres, an increase of 4½ million acres over 1954 and 21 million acres over 1953.

It is apparent from these statistics that the success of our measures to bring the production of the basic commodities in line with market outlets by enforced compliance with acreage allotments has been largely at the expense of transferring the surplus problem from the basic to the non-basic crops. Unless a reasonable solution is found to the problem of diverted acres, it will be difficult to ignore the question as to whether it is equitable for any group of producers to enjoy under legislation both price protection and freedom to use diverted lands to create additional problems for other producers.

Marketing quotas aimed at the attainment of price objectives which are not in keeping with the needs of the market require, to be effective, progressively stringent controls. It seems reasonable that the conditions of price protection should include agreement to use the diverted land only for such purposes as will not injure producers who are ineligible for similar price protection. To limit the use of diverted land to soil building and soil conserving purposes,

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as a condition of eligibility for price support, would be no more regimentation than acreage allotments and marketing quotas.

Corn producers, fortunately, have succeeded in removing marketing quotas from price support legislation, and compliance with adjustment programs is entirely voluntary. As a result, flexible price supports are permitted to operate as intended, that is, to permit a larger production, to the extent that it results from a larger acreage than allowed for under the allotment program, to move into consumption through lower prices.

Wheat Biggest Problem

All of you know that wheat is our biggest problem. While wheat producers have readjusted the level of their production to current market outlets, no progress is being made towards reducing the burdensome carryover which at the beginning of the current marketing year was estimated in excess of 1 billion bushels. And with the total supply of feed grains at a new record high, and a cotton yield of more than 30 percent above the 10-year average offsetting most of this year's cotton acreage reduction effected under marketing quotas, the problems which lie ahead of us clearly continue to be problems of surpluses.

Accordingly, the need for restraints on production and for all-out efforts to stimulate consumption will be the feature of our farm programs in the years just ahead of us. The commodities which these programs will largely have to deal with are those for which market prices have been consistently below support prices and which, therefore, have been produced and, to the exent that legislation permits, continue to be produced in greater quantities than can be moved into consumption at the support levels.

In the light of these criteria, every one of the major commodities under price support, *with the exception of soybeans*, has failed to meet the basic purpose of the support programs of *supporting* the market instead of *becoming* the market. Although the readjustment of our support prices for the non-basic feed grains to more realistic levels established a greatly improved relationship between support prices and market prices, the acres diverted from the basic crops into these grains and the generally increased yields per acre are interfering to a large measure with the function of the lower price support levels of moving excess production into consumption instead of into government storage. Grain sorghums are a good illustration.

With a level of price support for the 1954-crop of 85 percent of parity, the acreage planted to grain sorghums increased 35 percent, and with

an increased percentage of the planted acreage harvested, the production of grain sorghums of 204 million bushels in 1954 showed an increase of more than 85 percent over 1953. As a result, burdensome surplus supplies have been accumulating, with a carryover on Oct. 1, 1955, of 75 million bushels in prospect. Practically all of this carryover will be owned by CCC.

In view of the bumper crop harvested in 1954 and the resulting imbalance between supplies and market outlets, the level of support for the crop of 1955 was reduced to 70 percent of parity, in line with the level of price support for oats, barley, and rye, the production of which in 1954 was also substantially in excess of market outlets at the support levels in effect. Largely because of the pressure of acreage diversion from cotton and other basic crops under marketing quotas, the sharply lower support level failed to have any restraining effect on production in 1955.

The acreage planted to grain sorghums for harvest in 1955 was increased 23 percent, and with a higher indicated yield, a crop of 266 million bushels is in prospect, or 30 percent more than in 1954. The carryover of grain sorghums at the end of the 1955-56 marketing year is now estimated to total around 150 million bushels, and practically all of these stocks will be owned by the government.

These developments clearly point to the need for measures other than and in addition to a lowering of the levels of price support if our future programs are to be relied upon to be effective in bringing about desired production adjustments.

With this background of greatly aggravated surplus and adjustment problems facing us in all of the food and feed grains, how do soybeans fit into the programs required to meet these problems?

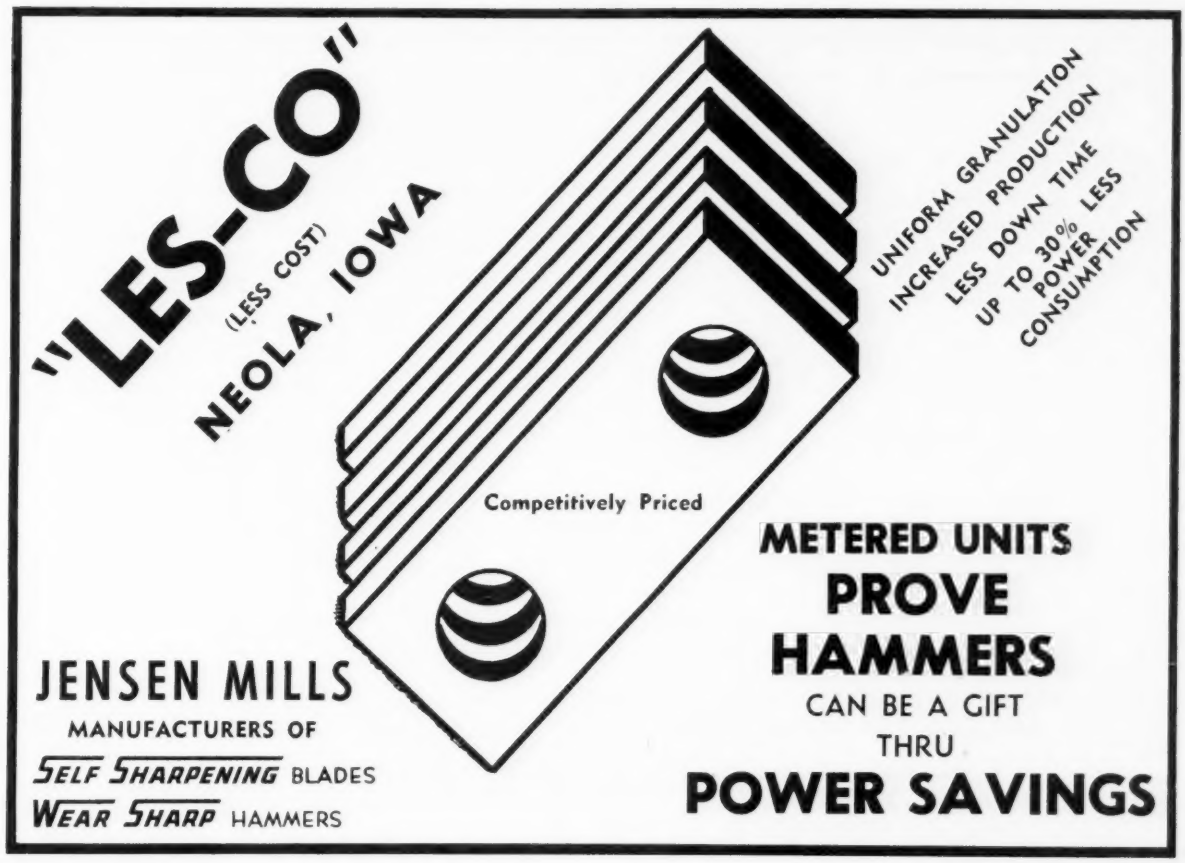
The crop of soybeans expected to be harvested this year is estimated at 420 million bushels, 23 percent larger than last year's record crop of 343 million bushels and 76 percent above the 1944-53 average production. This bumper crop results from both a record acreage for harvest—8 percent above last year's—and the highest yield ever attained —22.8 bushels per acre as compared with 20.1 bushels last year.

Although diversion of acreage, particularly from wheat, has been a factor in the increased acreage planted to soybeans this year, the rate of increase is actually no greater than the average annual increase computed from the longtime trend of acreage. In the 10 postwar years of 1946 to 1955, the acreage harvested for soybeans nearly doubled, with an average rate of increase of about 8.5 percent annually. And if we go farther back into the history of soybean production, we find, of course, a far more rapid rate of expansion of acreage than has taken place in recent years. The rise of soybean production in the United States has been dramatic in the past 25 years, particularly since 1939.

First Supports in 1941

Price supports for soybeans were first made available in 1941 under the so-called "Steagall Amendment" to the Agricultural Adjustment Act of 1938. These price supports were solely for the purpose of stimulating production to meet the abnormal wartime requirements. Initiated at 85 percent of parity, price supports for soybeans were increased in the subsequent years of the war period to as high as 125 percent of parity.

For the first postwar year of 1946, the level of price support was reduced to 104 percent of parity, and in the subsequent years through 1953, the level of support was fixed at 90 percent of parity. For the crop of 1954, the support level was reduced to 80 percent of parity and for the crop of 1955, 70 percent of parity. The levels of support, however, were not lowered in the last few years because of excessive supplies, but to bring the support level in line with the levels of support for



other crops competing for the same acreage.

Unlike in the case of wheat and other crops, the production of which was expanded without regard to market outlets under the stimulus of high-level, rigid price supports, high price supports were no factor in the sustained expansion of soybean acreage and production; and neither did downward adjustments in the support prices retard that expansion.

For the 1946 crop, the level of support for soybeans was lowered to 104 percent of parity from 123 percent of parity for 1945 and 125 percent of parity for 1944. Although the lower percentages of parity were offset in 1945 and 1946 by rising parity prices, the relative incentive to acreage expansion for soybeans as compared with other crops under price support was eliminated. Yet, the acreage harvested for beans continued to expand to new high levels.

Whether the level of price support was 80 percent of parity or whether it was 90 or 125 percent, prices received by farmers for soybeans averaged in no single year lower than the level of price support. In fact, with the exception of the first two war years when a relatively much higher support rate was made available for soybeans than for other crops, prices received by farmers for soybeans averaged for every crop year significantly above the level of support. Accordingly, loan operations have been relatively small, and in years when they assumed larger proportions, they served the purpose of insuring orderly marketing rather than providing market outlets for surplus production. The largest percentage of the soybean crop ever placed under price support was in 1954-55 when about 12 percent of the 1954 production was placed under loans and purchase agreements.

In general, only negligible quantities were delivered to CCC, and the stocks which were taken over were subsequently disposed of without loss to the government. The largest quantity of soybeans delivered to CCC in default of loans and fulfillment of purchase agreements was for the crop of 1954, when 17 million bushels are expected to be taken over. The stocks now owned by CCC are being offered at the market price but not lower than the basic loan rate at the point of production plus 4 cents. In addition, soybeans are being offered for export on a competitive bid basis until all CCC stocks are disposed of. Thus, the carryover of old-crop soybeans on Oct. 1, 1955, the beginning of the 1955-56 marketing year, will be but little, if any larger than the average of recent years.

Supplies for 1955

Assuming that all 1954-crop stocks of soybeans owned by CCC will be disposed of before Oct. 1, the supply of soybeans available for the 1955-56 marketing year may be expected to total 425 million bushels, or about 80 million bushels more than was available for 1954-55.

In recent years, more than four-fifths of the soybeans harvested have been processed by domestic mills; approximately 10 percent have been exported; about 8 percent used for seed; and the remainder for feed. When there was an increase in production, increased crushings or increased exports, or both, absorbed the larger supply at stable or even rising prices.

The use of soybean products, the industrial plants to produce them, and the technology in industry have always kept ahead of soybean production. Since the end of World War II, processing capacity has increased faster than soybean production so that the volume of soybeans available for processing has not been sufficient to keep all mills operating continuously. Processors, therefore, operate under highly competitive conditions and their profit margins are comparatively very small. The present operating capacity of the soybean crushing industry is well in excess of 300 million bushels a season. Export demand has been expanding every year since 1951, with an alltime record of 55 million bushels estimated to be shipped overseas in 1954-55.

Soybean prices, in the last analysis, depend on the prices which consumers will pay for meats and other livestock products, margarine, and vegetable shortenings. Therefore, the size of the livestock population, the supply of protein supplements, and the cost of processing are important price-making influences in soybeans. Since prices of livestock products and of edible fats and oils are closely correlated with disposable personal incomes, the maintenance of high-level employment and factory payrolls in 1955-56 will be an important factor in determining the price at which the indicated 80-million-bushels larger supply can be moved into consumption.

On the other hand, changes in the total supply of feed concentrates per animal unit tend to cause changes in the opposite direction in the price of soybean meal; and soybean oil prices will also tend to change in the opposite direction of changes in the total supply of the edible fats and oils.

U. S. production of edible fats and oils in 1955-56, including the oil equivalent of exported oilseeds, is estimated to set a new high record of 10.5 billion pounds. This would be about 11 percent above the 1954-55 crop year, but result in a total supply of edible fats and oils and oilseeds *only slightly in excess* of the 1954-55 season when CCC carried substantial stocks of cottonseed oil into the marketing year. Lard production for 1955-56 will be increased approximately 8 percent over the current season, while cottonseed oil production will be down by about 7 percent. Butter production will be about the same. The major factor in the increased production and supply of edible fats and oils for the next marketing year will be the new record soybean production.

To utilize and market this sharply increased supply of soybeans, ex-

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ports of edible fats and oils and oilseeds will have to exceed the 1954-55 level. In view of the vast improvement in economic conditions abroad and the significantly lower prices for 1955-crop soybeans, larger exports may be expected in 1955-56. U. S. consumption of edible fats and oils must also be expected to respond to the lower prices, particularly with continued high-level employment.

The tremendous expansion of the use of soybean oil for the manufacture of margarine and shortening, which developed in the last 10 years, has imparted increased responsiveness of consumption of soybean oil to lower prices as well as increased responsiveness of prices to an expanding economy.

In the five-year period of 1935-39 less than 10 percent of all the fats and oils used in the manufacture of margarine and shortening was represented by soybean oil; in 1946, about 23 percent; and since, the use of soybean oil continued to expand rapidly, with the highest relative level established in 1953, when soybean oil accounted for about 60 percent of all the fats and oils used in margarine and shortening.

In 1954, largely because of the increased availability of cottonseed oil from CCC stocks, the percentage represented by soybean oil fell to around 52 percent. There are reasons for believing that, with CCC stocks of cottonseed oil largely disposed of and a smaller cotton crop in prospect this year, soybean oil will capture a new high record of the market for edible fats and oils in 1955-56.

Since the ratio of meal to oils is much greater for soybeans than for the other major oil crops—soybeans produce twice as much meal per pound of oil as cottonseed and about three times as much as flaxseed—more attention must be given to the future outlook for soybean oil meal than for soybean oil in appraising the prospective soybean situation.

The use of high-protein feeds has experienced a remarkable expansion in recent years, with soybean oil meal contributing most to this uptrend. For high-protein feeds, as for fats and oils, a prosperous economy and a sustained high level of employment are necessary conditions for a strong demand and price situation.

The feed industry deserves high praise for the remarkable educational job it has done in putting improved feeding practices to work on the farm, and there is every reason for anticipating continued expansion of the market for high-protein feeds as more and more livestock producers come to appreciate the need for better balanced feed rations.

In view of the known elasticity of demand for soybean oil as well as for soybean oil meal and the dominant influence of high-level industrial activity on market outlets for both, the outlook for soybeans beyond 1955-56 is unlikely to be adversely affected by the serious adjustment problems which our price support program will be called upon to meet in the years ahead. The problem of diverted acres, even if not effectively dealt with, will be diminishing rather than increasing in magnitude as producers of the commodities for which marketing quotas are in effect, have completed the acreage adjustments required by law.

Need Growing Market

The basis for a continued sound future for our soybean producers depends, of course, on a continued growing market for their crop. This fact must be recognized in our price support programs. If production expands more rapidly than markets and government price supports become market outlets—as they did for wheat and other crops—uneconomic price levels tend to shift some of the market to competing products. Markets once lost may not be readily recovered.

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realize the great danger inherent in a program of price supports too high to permit their crops to move to market without creating unmanageable surpluses in government hands. Once surpluses have accumulated, producers face another problem: to avoid the tempering of support levels which will clear the markets by the amount of stocks in government hands.

Producers justly were concerned over the accumulation of 1954-crop stocks which, if carried over into the next marketing year, would have been a threat to the effective and efficient operation of the 1955-crop price supports. The Department, in response to these producer concerns, put into effect the sales policy for its 1954-crop stocks which I already referred to, designed to dispose of all government-owned stocks of soybeans prior to the beginning of the 1955-56 marketing year.

With higher employment levels and higher consumer incomes providing increasing demand for the relatively low-priced protein feeds, and with export demand for edible fats and oils expected to expand in response to lower prices, there are as yet no reasons for believing that soybean producers, because of a 23 percent increase in the supply available for 1955-56, will be "in trouble."

I, for one, believe that the level of price support of 70 percent of parity which will be in effect for this year's crop, will not interfere with the function of prices of moving the indicated supply increase into commercial channels instead of government storage. Of course, loan operations may be expected on a larger scale than in previous years, but with our economy at an alltime record high and still expanding, loan redemptions will likely take place on a substantial scale also.

The most important factor which tends to be overlooked in appraising market outlets for the greatly increased supply of soybeans in 1955-56 as compared with 1954-55 is the lower price at which this supply will be available. In 1954-55, prices received by farmers are indicated to average about $2.52. In 1955-56, they may be expected to average 30 or possibly 40 cents lower, which would still be above the average loan rate of $2.04 per bushel.

We are an expanding dynamic country of 166 million people, enjoying the highest levels of employment and the highest purchasing power in all of our history, and this flourishing economy provides the greatest domestic market ever available for the products of our farms. And as we look further ahead into the future, our population is expected to reach the 200-million mark within the next 10 to 12 years; our national income is expected to increase nearly 50 percent to a total of more than 500 billion dollars annually; and per-capita income after taxes is anticipated to rise 30 percent. This is, at least, what our economists tell us.

Although there is real basis for optimism about the longtime economic outlook, the extent to which we will have a more prosperous agriculture in the future will depend in no small measure on the kind of an agricultural program we will have. Agriculture will share in the prosperity of our expanding national economy to the extent that its production can be balanced with the needs of the markets.

If we move forward in our efforts to bring about better balanced agricultural production by permitting price to exercise its fundamental function of adjusting production and consumption to each other without permitting waste of resources of production, agriculture cannot but fully share in our nation's progress towards an ever-increasing richness of economic life.

It appears that soybeans, because of the nature of the demand for the processed products, will share in the prosperity without the need for government programs to adjust production to markets. The real problem will be to prevent acreage diversions from commodities for which price support is conditioned on compliance with allotments to soybeans for which price support can be obtained for unlimited production. To the extent that the levels of price support for these commodities are not in keeping with the needs of the markets, the pressure of diverted acres will be in the direction of those crops which have not yet come into surplus.

As a result, total aggregate production will remain at the same level, prices of all the crops under price support will fall below their respective levels of support, and either progressively lower price supports or progressively more stringent production controls may be required to correct the general surplus situation. And increasing reliance on government controls of production would thrust our farmers into politics of the worst kind—the pitting of farmers against farmers in group struggles for advantage.

A full-scale attack on the agricultural surplus and control problems may require some system of payments as an incentive to encourage compliance with limitations on the use of diverted land.

It would seem that public endorsement of such a program, because of its inherent aspects of conservation of our national resources of agricultural production, would be more assured than continued acceptance by farmers and the general public alike of programs that encourage the production of surpluses for diversion into wasteful uses.

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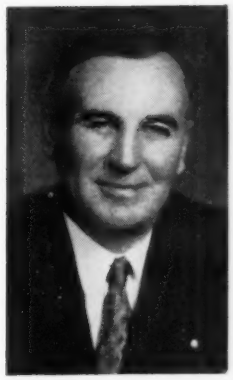
Congress Looks at Price Supports for Non-Basic Crops



By RALPH HARVEY
Congressman from Indiana

Due to public pressure a trend toward greater stockpiling of commodities by government is not likely

IT IS NOT POSSIBLE for me to outline my views on price supports for non-basic commodities without dwelling upon basic crop supports as well.

With respect to basics, the question of flexible versus rigid price supports continues to be a controversial one. I have voted twice on the flexible side of this issue. There are two fundamental justifications of the flexible theory: first, that a lower price causes increased consumption, and secondly, that a lower price will discourage production, or in other words, direct production efforts into other channels.

Obviously some commodities will fit into this category quite well, while others will not. Moreover, some commodities are consumed almost wholly at home, while others are dependent on an export market for part of their consumption.

Because the problems of no two commodities are identical, it has been my contention that we cannot treat the ailments of agriculture with a single, uniform dose of medicine, using the same for all regardless of complaint. Under Secretary Morse declared recently that in his judgment even the problems of one commodity should be approached from several angles.

Most soybean production occurs in the area where corn is a leader, so these two important crops are affected by many of the same factors. The corn price support program has worked well, accomplishing much good for farmers of the Cornbelt. Yet, until now, its restrictive influence has been so mild that its true value is overlooked. The reason its restrictive influence could be so mild is that corn production has been just about in line with consumption, possibly not for a given year but over a period of them.

The consumption of corn—approximately four-fifths of it going into livestock—is variable, as are its yields from one year to another. The lowest and the highest yields of the past decade occurred in the successive years of 1947 and 1948. Without the support program, the price of corn would have fluctuated much higher and much lower than the loan price, which represented a fair average.

Corn acreage has been steadily declining for the last 22 years, but average acre production has increased due to better production methods. The loss in corn acreage has been approximately the same as the year-to-year gains in soybean production. I would not wish to leave the impression that every acre taken out of corn has been seeded to soybeans; there is, however, in my judgment, some relationship.

Let us look a minute at the further impact the corn price support program has had for the grain and livestock producer. About 20 percent or one-fifth the average annual corn production goes into commercial use, with the remainder going into livestock. Since the 80 percent going into livestock usually is fed in the area where it is produced, it does not get into commercial channels as do wheat and cotton. The average annual output of corn is about 10 times greater than that of beans, or approximately 3 billion bushels. Most of the corn which goes into commercial channels is from areas known as cash corn areas.

However, the stabilizing of the cash corn price has a tendency to fix the market value of corn in the livestock-feeding areas. The ebb and flow of livestock numbers and their products is governed by the price of feed, and since the price of corn governs the price of other feed grains, you can see how important it is to the livestock feeder to have the grain market stabilized. When you stabilize the grain market, you pro-

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vide a built-in governor for livestock prices, too.

As stated, the supply of corn and other feed grains has been pretty much in line with demand, so that the maintenance of a stable corn price has not been a burden upon the Commodity Credit Corp. The prospect is that this year we will have one of the largest crops of feed grains as well as beans that we have had in recent years. This has been due to a favorable season and advancing know-how in production. We may become panicky and be led to believe that the program is no longer a good one. History, however, shows that Old Man Weather has a habit of equalizing the good with the poor seasons, so we should not be stampeded into discarding a proved program because we have one lush year.

Supplementary to Corn

The non-basics, such as soybeans, oats, barley, and rye, are supplementary crops to corn and are grown in the same general area. These crops (except soybeans) are feed grains and their value as a feed will be determined by the price of corn. As an example, if one bushel of corn equals two bushel of oats, then oats will sell for about one-half the price of corn.

Soybeans appear more or less attractive to the grower, based upon the expected net return per acre as compared with corn. If a grower estimates his net return will be about the same, he will spread his risk by planting some of both. The pattern of general farming in the Midwest lends itself to considerable variation which probably accounts for the fact that it has had fewer economic problems than the one-crop areas.

In actuality, the price-pegging of corn (it is more of a price-pegging than supporting) has provided a base upon which the non-basics can rest. The natural flexibility this producing area has, coupled with authority by the Secretary to vary price levels of support to cope with fluctuating yields, would suggest to me that the present program is about the best Congress can devise.

Bean producers had a very favorable price for their '53 crop and a good one this season for last year's production, prices now averaging more than $2 a bushel. But you have had the advantage of lower cotton production, with a consequent decline in the supply for cottonseed oil. If this year's crop runs to 350 million bushels, and foreign requirements are stable, we will still have a marketing problem.

In the past, soybean growers have indicated to Congress that they wanted their commodity left in the present position, which in essence means that the support price is fixed by the Secretary based upon his findings as to demand and supply. So far this has worked rather well, primarily as I previously stated because it is coexistent with the successful support program for corn, and to a lesser extent, other basic commodities.

Soybean growers usually are producers of other farm commodities, too, and the acreage reduction of such commodities as corn, wheat, or cotton naturally may encourage a greater acreage of beans or non-basic feed grains such as oats, barley, or grain sorghum. While beans are primarily a cash crop, the production of other non-basic crops may fill the feed grain hopper to overflowing. This hopper is full now, so it would not take too many more acres, plus another favorable season, to have the entire program involved in difficulties.

Due to public pressure to reduce the dollar investment in commodities stored by the Commodity Credit Corp., we in Congress will not be in a strong position to appropriate for much greater expansion. Should we in '56 have a growing season as favorable as that in prospect for this year, it would be my judgment that the Secretary would be obliged to reduce materially the support level for corn, feed grains, and beans under the authority now his.

It is my hope such action will not be necessary, for a reduction in non-basic prices will force down the price of livestock as well as the cash income of bean producers. Soybean growers thus far have not had to submit to acreage controls, nor would they want to if that resort can be avoided. From the standpoint of Congress (and in this I think I speak for most members) we should like to keep the farm price support program as unrestrictive as possible, because it at best is complicated enough to administer.

Speaking specifically of soybeans, the demand for byproducts overseas has been good in recent months. A trade mission from the United States is planning to visit Japan this fall to discuss the possibility of greater exports to that country. Through Public Law 480, the recent Congress doubled the authorization of funds allowing us to trade agricultural surpluses for the currencies of those countries agreeing to take commodities "over and above" their normal consumption. This program, through the intensive efforts of U. S. officials in charge, is beginning to pay substantial dividends. If the prospects were limited to a mere disposal of surplus commodities, it might not seem worthwhile. Instead we believe that such dealings will lead to long-range consumption by friendly countries on a permanently broadening scale.

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The Farm Bureau Looks at Agricultural Surpluses

ASA's 35th Annual Meeting

By KENNETH HOOD
Assistant Secretary, American Farm Bureau Federation

We must take acreages out of production and put them in a soil fertility bank for emergencies

I ONCE heard a speaker say, "You can't expect your elevator to be on the way up all the time."

How true this is of life, prosperity, farming, and even soybean raising!

The soybean elevator has been on the way up for several years but it is on the way down now. How far will it go? How fast will it fall? When does it start up again? These are all questions we want to explore today.

Had I been here a year ago to discuss the subject assigned to me, "The Farm Bureau Looks at Agricultural Surpluses," I would have talked about surpluses of wheat, corn, cotton, cottonseed oil and many others, but not soybeans. Today, I will talk about many surpluses, including soybeans.

Most of you are acquainted with the surplus picture in American agriculture. May I make a few brief statements to clarify the situation and to refresh your memories?

We now have six times a normal* reserve of wheat, three times a normal reserve of cotton, over two times a normal reserve of corn, and many other large surpluses that are hanging over the market and holding down prices.

*Normal reserve as used here refers to definitions in present farm program laws.

Soybean stocks in all positions (on farms; in terminals, processing plants and warehouses; and in the hands of the Commodity Credit Corp.) on July 1 amounted to 66.8 million bushels. These are the highest stocks on record for the date. A year ago, stocks totaled 35.6 million bushels.

At harvest time, the Commodity Credit Corp. had $7.2 billion invested in agricultural surpluses. This is approximately 21 percent of the gross farm income in 1954.

One look at the current crop production report of the United States Department of Agriculture convinces us that the surplus problem may get worse before it gets better.

The soybean crop is now estimated at 420 million bushels. This is 23 percent more than the record crop produced in 1954.

All crop production is expected to tie the record reached in 1948. In 1948, we needed it; now, we do not. Then, stocks were low and export demands were brisk. Today, we have large surpluses and a less favorable export market.

This year, we expect new production peaks for oats, sorghum grains, soybeans and near-record levels for corn and barley.

The peanut crop is forecast to be 50 percent greater than the small crop of last year. Even cotton, in spite of a 14 percent cut in acreage, will be within 7 percent of last year's output.

It appears that the supply of feed grains for the 1955-56 feed year will reach a new high.

The July issue of the Fats and Oils Situation, a publication of the U. S. Department of Agriculture, makes these predictions on the supplies of fats and oils.

"Production of food fats in the marketing year beginning Oct. 1 is expected to increase to a new high.

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Peak output of soybean oil and a moderate increase in lard will more than counter-balance a decline in cottonseed oil. Because of smaller stocks, however, total supply may be 5 percent below the record of this year.

"Production of inedible tallow and greases in 1955-56 may continue upward. Hog slaughter will increase because of the larger pig crops in 1955. Little change is expected in cattle slaughter."

How Did We Get Surpluses?

Farm production was expanded to meet the extraordinary demands of the war and early postwar years. Foreign demand for our farm products dropped as other countries recovered from the war; but our production continued high. In some cases keeping wartime high rigid price supports and postponing use of the production controls authorized by law helped us pile up surpluses. Surpluses have been piling up since 1948. They will continue to pile up as long as Congress requires unworkable price supports.

What Do They Do?

Surpluses hang over the market—keep prices down.

They prevent farmers from getting a good market price for this year's crop. They ruin markets.

They force the use of production controls.

They force inefficient use of farm land, labor and capital.

For example, 1955 programs call for the following reduced plantings: wheat, only 70 percent of 1953; cotton, only 72 percent of 1953; rice, only 88 percent of 1953.

And yet, for example, we don't have enough good wheat and we may soon be short of the most desired types of cotton!

Surpluses raise the cost of producing a farm product—whether it's cotton or corn, wheat or tobacco.

What Do They Cost?

One million dollars per day for storage alone now! It was $700,000 per day just a few months ago! Spoilage, waste and downgrading add further to the cost.

In fiscal 1954 alone, CCC had a net loss of $1,001,128,854. In the first 11 months of fiscal 1955, losses were $1,085,289,446. This is taxpayers' money. But the biggest cost to farmers comes from lower prices, restrictions on the right to produce, and loss of the public's good will.

Who Benefits?

The people who handle and store surplus commodities gain the most.

The owners of warehouses and elevators make money on most every bushel of grain or bale of cotton stored.

Have you seen the new multi-million-dollar elevators and warehouses springing up in the country? Who owns them?

What customers in town appear to gain, they lose through increased taxes.

Foreign buyers may gain, if we are forced to give our products away, or to sell at cut-rate prices.

But Farmers Lose

Surpluses limit our chance to get a good market price on this year's crop.

They reduce our chance to keep per unit costs down, because production controls limit efficient operations. "Free use" of diverted acres puts some farmers in unfair competition with others. And we are losing our right to produce — our right to farm as efficiently as we want to.

What Can We Do?

Dean Reed of Purdue told us at our American Farm Bureau training school last spring that there are no substitutes for results. We must keep this in mind when we are searching for answers to our present surplus dilemma.

There is another thing the Dean said that we ought to remember.

Soybean..."The Miracle Crop"

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That's because the U. S. in 1954 harvested the greatest crop of Soybeans in history, 342,795,000 bushels, and 56 per cent or 193,522,000 bushels were grown in the four Midwest States served by the M. & St. L.: 92,214,000 in Illinois; 55,900,000 in Iowa; 42,294,000 in Minnesota; and 3,114,000 in South Dakota.

Another huge harvest is predicted for 1955.

Iowa, Minnesota and South Dakota produced all-time record crops from record acreages. Illinois is always the No. 1 Soybean grower. The four M. & St. L. States planted 8,626,000 acres in 1954 and also harvested 137,000 tons of Soybean hay and grazed or plowed under 77,000 acres of Soybeans.

BIG BUSINESS—GROWING BIGGER

Hauling Soybeans and all the things made from them is Big Business every year on the M. & St. L., specialist since 1871 in transportation of products of Midwest farms and factories. The M. & St. L. helped promote Soybean growing when the Miracle Crop was new in the U. S. In 1924, the whole country grew only 5,000,000 bushels.

Today, the M. & St. L. networks rich Soybean areas and directly serves several big Soybean plants.

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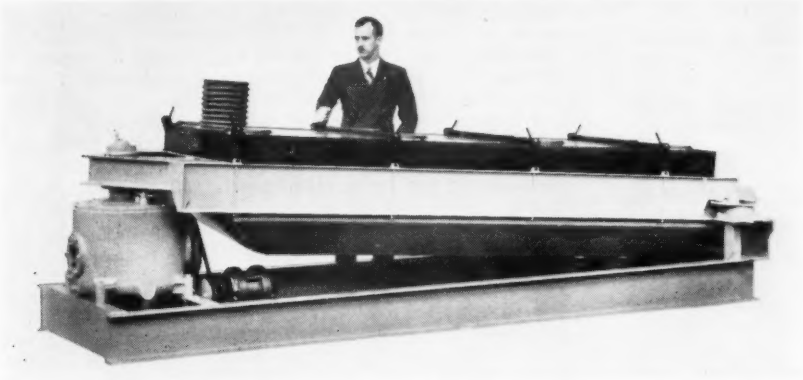

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With two screen surfaces, each 40 by 120 inches.

Wherever there is a screening operation in a soybean plant, you will find that ROTEX Screeners can handle it to a real advantage.

At the present time ROTEX are being widely used for the rough cleaning of whole soybeans, for further cleaning them through a coarse screen and over a fine screen, for the sizing of soybean meal, both before and after grinding and for the removal of fine dust from finished meal.

ROTEX handles all these jobs exceptionally well because of the combination of the nearly level gyratory action of the screen box and the action of the rubber ball mesh cleaning system.

While the screen box action stratifies the material and conveys it over the screen surface at an angle of inclination of only 4 degrees, the rubber balls, bouncing continuously and uniformly against the underside of the screen mesh, keep the entire area of the screen mesh open and free from clogging, thus assuring a complete separation and a maximum capacity per square foot of screen area.

There are over twenty-two standard ROTEX Models, in various sizes, with from one to five screen surfaces so that it is always possible to obtain the proper size ROTEX for any capacity and separation requirement. Special Models, with variations to fit the customer's installation requirements, can also be furnished thus often eliminating expensive spouting or conveyors.

Our forty years of experience in building ROTEX Screeners, with thousands of machines in daily use, assures you of trouble-free design and rugged construction that will give the most satisfactory continuous operation.

Send us a detailed description of your screening requirements and allow us to give you detailed information on ROTEX Screeners for your plant.

*Trade Mark Reg.

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"The easy way out isn't always the best way. Many times it is the wrong way out."

Farm Bureau has been wrestling with the surplus problem for many years. Possibly our experiences with other commodities may be of value in trying to decide what is best for soybeans.

Now, let us get down to specifics. What can we do now? What can we do over a period of years?

Let us take a look at some suggestions for meeting the present emergency.

Many will advise. Let the government store them. Will this get results? In this case, is the easy way the right way?

We favor storage when it promotes orderly marketing throughout the year. Storage alone does not solve the problem. It just postpones it until next year.

We believe as our 1955 Policies states, "The most satisfactory solution to the current farm problem is to expand domestic and foreign markets."

We believe there are opportunities to expand agricultural exports. While the volume of total farm exports is 25 percent less than the 1951-52 peak, there was an 8 percent improvement during the last year.

You are familiar with the fact that soybean exports for the present marketing year are estimated at 55 million bushels. Good outlets in Japan, Western Germany, Canada, the Netherlands, Formosa, France, Israel and Denmark helped to establish this alltime peak in soybean exports.

If we are anxious to expand our export markets, we must create opportunities for foreign countries to earn more dollars. We can do this by increasing our foreign travel, by investing more private and government capital in foreign countries, by using more foreign ships and other services, by using more foreign goods in supplying our troups stationed abroad and by increasing our imports.

The great bulk of our exports has to be paid for by imports. Recognizing this, we have supported measures to make it easier for foreign countries to trade with us and for us to trade with them. For this reason, we supported the extension of the Reciprocal Trade Agreement Act, customs simplification, abolition of the "Buy American" clause, elimination of the "Cargo Preference" clause and other measures that seek to implement a realistic program of "trade, not aid."

We can do much to sell specific commodities abroad if we price our products to sell competitively and if we adhere strictly to high uniform quality standards.

Since foreign dollars are limited, there is competition among commodities for them. We can get our share for agricultural products if we meet foreign requirements. Soybeans should be able to compete successfully for these scarce dollars if prices are realistic and quality is acceptable.

Another suggestion we often hear is "Give our surpluses away to the starving millions around the world."

When famine, flood or other disaster strikes, we are among the first to advocate that we give of our abundance. Under most circumstances, however, we feel we can do more for the hungry backward nations of the world if we give them a chance to build up their productive capacity and expand their trade.

With this thought in mind, we concluded several years ago that we could turn our burdensome price-depressing farm surpluses into assets abroad by using our surpluses to aid foreign countries in a program of internal improvement, trade expansion, and for other worthwhile purposes.

Out of this came "The Trade Development and Assistance Act of 1954" which is also known as Public Law 480. Under this law, agricultural surpluses are sold for foreign currencies. This foreign money, which is credited to our account by the foreign country involved, is used (a) for loans to build expanding markets and sound economies abroad, (b) for paying part of our

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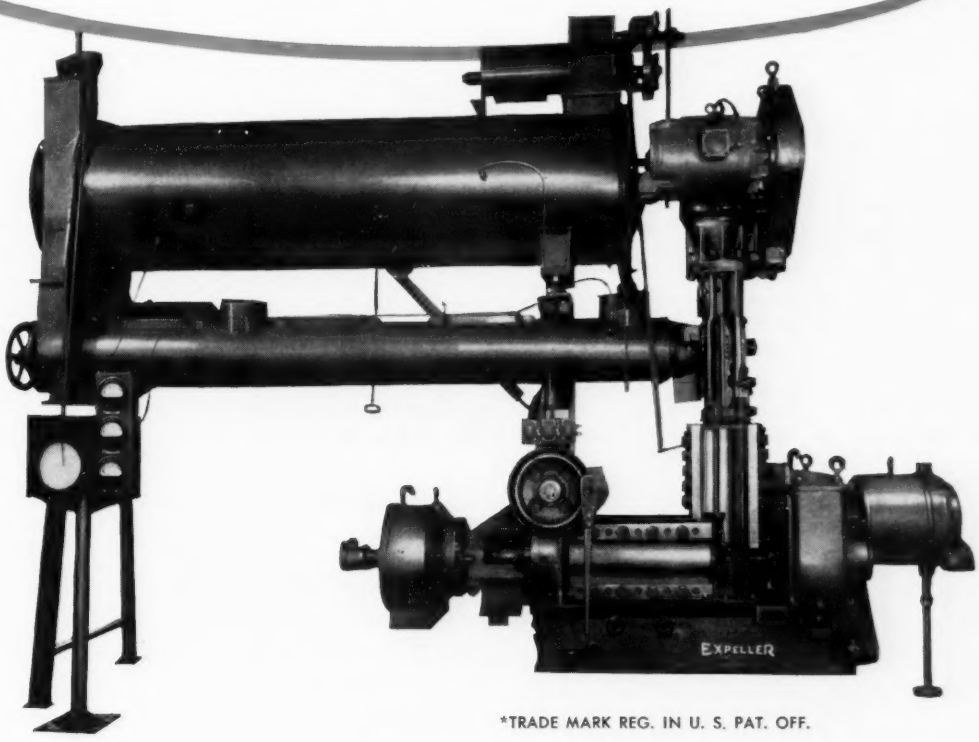

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Hot Spot system can—virtually "x-rays" your bins from bottom to top at every 6-foot level. By interpreting temperature changes from bottom to top of bins, you can tell if moisture pockets are forming.

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Neither can Hot Spot. But dirt-chaff, green weeds, seeds no bother to Hot Spot system . . . that's Hot Spot's job—to let you know if and where foreign material is disturbing, threatening your beans. Warns you before damage occurs.

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overseas defense costs, and (c) for stockpiling strategic defense materials in the United States.

Since this law went into effect, we have sold $328 million worth of agricultural surpluses. The main sales were: cotton, wheat, tobacco, feed grains, vegetable oils, rice and dairy products.

In the last session of Congress, $800,000 additional funds were allotted to this program.

No doubt, soybeans as well as soybean oil could be moved in large volume through this plan if proper arrangements were made.

Public Law 480 is designed to meet an emergency situation. It is intended primarily for backward countries, but most of the sales resulting from this program to date have been with the more highly developed countries. Exports resulting from this plan must be, in addition to, and not a substitute for, regular dollar trade. The only long-time solution to expanding exports is more imports, more foreign travel, more investments abroad and greater use of foreign services.

When the Russian delegation of farm leaders was in our office two weeks ago, we explored the possibility of more trade with Russia. We favor trade with Russia provided we do not sell them goods that will build their direct military potential.

While we have a big supply of feed stuffs, and more than adequate stocks of fats and oils, we believe it is possible to increase sales of soybeans and soybean products here at home and abroad. We have been successful in promoting consumption of milk, poultry products, beef, pork and other commodities during periods of surplus through aggressive sales promotional programs. It has taken real effort but when prices were competitive and quality was there, the efforts paid off. Sales promotional programs for soybeans and soybean products, which are geared to increased industrial uses and more exports, seem to offer prospects for success.

The Longer Look

Unquestionably, a large part of our surplus production of soybeans, small grains and other crops that are not involved in the program for "basic commodities" can be traced to the plantings on acres diverted from the production of controlled crops.

Our position on this is clear. We want control of diverted acres.

A flexible price support program for the "basic crops—corn, oats, peanuts, rice, wheat and tobacco"—will help to expand markets and decrease production of unwanted surpluses of these commodities. This will reduce the number of acres that must be diverted.

We have long recognized that a shift in our eating habits to a larger

consumption of animal products would help to solve the surplus problem and improve our diets at the same time. It is obvious that it takes more acres to produce livestock products than it does to produce food that is consumed directly. It takes seven times as many acres to produce beef as it takes to produce food for direct consumption.

We need additional research, not only to tell us how to produce and market more economically, but to find new uses for agricultural products as well. Already, significant progress has been made in research that has discovered new uses for soybeans in industry. We will support additional utilization research.

Our capacity to produce is outrunning our capacity to consume. So far, we have not been successful with the program of price supports, acreage allotments and marketing quotas in actually cutting total production. Witness this year the prospects for the largest agricultural output in history! Something more must be done. Flexible supports, control of diverted acres, quality improvement, export promotion and aggressive merchandising programs here at home will all help.

Will all of these means bring production in line with consumption? If we could start clean without the present enormous stocks of backbreaking surpluses on hand, I believe we could find our "way out of the woods."

It appears that we must control our whole production machine by actually taking significant acreages out of production. We would put these acres in a "soil fertility bank" where the stored fertility would be available for emergencies or when our country grows enough to need more. This approach will protect producers and consumers without destroying the functions of price in our economy.

While we are engaged in efforts to control total production through the soil fertility bank approach, we must resist efforts to bring new land into cultivation by starting new reclamation and irrigation projects.

And now, let us take a closer look to see where soybeans fit into this picture.

The dramatic increase in soybean production through the years has been accompanied by an ever-expanding market.

Many farm products are in surplus because of falling market demand. Not so for soybeans. The problem here is the "free use" of acres taken out of controlled crops. If we solve this "diverted" acre problem, many of our soybean troubles will be over.

The relationship between support prices on soybeans and cottonseed in late years has been a contributing factor to the expansion of soybean oil sales, both at home and abroad. Now that support prices have been reduced on both products, I do not believe it would be to the longtime interest of soybean producrs to accumulate large surpluses of oil.

We must remember that we cannot get good prices when big surpluses are on hand. And it does not matter—remember this—where they are. If they are in existence, they hang over the market and keep us from getting a profitable price.

First, surpluses must be prevented. If we have them, we do not solve the problem until they are sold. And we do not sell them unless we promote, price them right and supply the quality that discriminating consumers demand.

Margarine Report

Margarine production for the first six months of 1955 totalled 692,060,000 pounds, S. F. Riepma, president, National Association of Margarine Manufacturers, has reported. This is a little more than 1 percent more than the first six months of 1954.

June production of margarine was 105,024,000 pounds, compared to 90,334,000 pounds for June 1954 or an increase of about 17 percent. Both the January-June and June month periods this year set new margarine production records.

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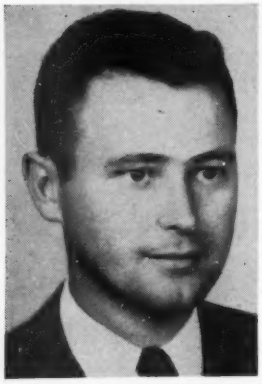

RESEARCH

Soybean Production Research

ASA's 35th Annual Meeting

Our crops research men are now giving attention to reducing the cost of production

By HERBERT W. JOHNSON
Research Agronomist, Field Crops Research Branch, Agricultural Research Service, U. S. Department of Agriculture.

A DETAILED report of the research work on all phases of soybean production was given on your convention program in 1953 by Dr. Weiss. The present report will involve only a few subjects and is not intended as a complete report.

Variety Development

Since June 1953 five new varieties have been released in various production areas of the United States. They are: Clark, adapted to the southern portion of the North Central states; Jackson and Lee for the Southern states; Chippewa, adapted to latitudes of southern Minnesota and northern Iowa; and Norchief for the northernmost states.

In addition to the five varieties from the cooperative soybean research programs in the United States, a sixth improved variety, Harosoy, has become available since 1953. This variety was developed in Canada and is a contribution for which we owe a vote of thanks to our Canadian neighbors. All these varieties represent improvement in one or more important characteristics, but Lee is unusual in that it has resistance to three diseases prevalent in the South and moderate resistance to one other.

Diseases

The most economical method of minimizing losses from diseases is through the development of resistant varieties. Although we have not had the spectacular and widespread losses from diseases of soybeans that sometimes occur with other crops, we do have several diseases that are widespread in occurrence and others that are potentially serious. The combined effects of these diseases result in a substantial loss to soybean producers each year, and a major ob-

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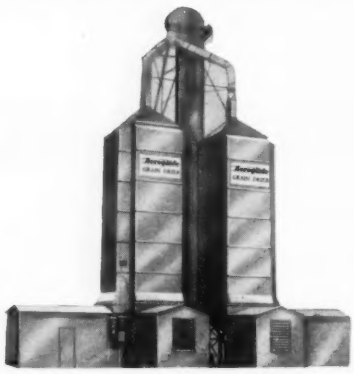

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jective of our research program is to keep these losses to a minimum.

Research along these lines involves studying the life cycle of casual organisms, how they enter the plant, how they overwinter and establish new centers of infection from year to year, and a number of other things which are an important part of the development of resistant varieties and other control measures. A few developments along these lines having immediate application to the breeding of disease-resistant varieties will be mentioned.

Sources of resistance to frogeye, bacterial pustule, and bacterial blight are now available in both the northern and southern programs and are being used in the development of resistant varieties. Resistance to all known races of downy mildew also is available, but breeding for resistance to this disease is complicated by the different races of the fungus. Although the disease is prevalent in most producing areas it has not been considered very serious thus far. However, it is deserving of careful observation because the genetic variability of the fungus provides the possibility that a more virulent race may develop. Although sources of complete resistance to purple seed stain and root knot nematodes have not been found, selections having fairly high resistance are available.

Inoculation techniques for evaluating soybean selections for resistance to a widespread foliar disease, brown spot, have recently been developed and used successfully on several thousand selections, including 2,000 introductions from other countries. From this group, two resistant introductions having fairly good agronomic characteristics have been selected for use in developing resistant varieties. Similarly, a technique for evaluating soybean seedlings for resistance to target spot has been developed and is being used in developing varieties resistant to this disease.

A method for making quantitative measurements of resistance to stem canker has been developed and is a substantial step forward in breeding for resistance to this disease. A selection more resistant than any we have had in the past has been found by this method, but no source of complete resistance is known. Work on the development of a rapid technique for evaluating selections for resistance to stem canker is continuing and encouraging progress is being made.

Considerable mention of inoculation techniques has been made and considerable research effort is being devoted to developing and improving such techniques. Some of you may wonder why, if a disease produces a serious effect on the plants, we cannot rely on natural infection rather than trying to develop artificial inoculation procedures. This is because the amount of natural infection is inconsistent from year to year, and for the efficient use of time and facilities, it is very important that susceptible selections be discarded every year.

Production Efficiency

Breeding high-yielding, disease-resistant varieties is one approach to increasing production efficiency. If one variety produces three bushels per acre more than another, the net profit from the first variety is almost three bushels per acre higher than that from the second, because the costs of producing the two varieties are essentially the same.

However, net profit is not always in proportion to the yield obtained. The cost of production plays a very important role in determining the profits from soybeans, as well as other crops, and profits can be increased by using varieties and practices that will give the greatest production per unit cost, and by reducing the costs. Much of our research has been designed to yield information on production practices and to produce varieties that will give the highest yields per unit of investment in land, labor, and capital. In recent years, however, we have done

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considerable thinking and work on how to increase net profits per acre by reducing the cost of production.

When thinking in these terms, the question of just how much land preparation is necessary for soybeans and how the need for cultivation can be reduced become very important. Chemical weed control probably is the best possibility in answering the question as to how the need for cultivation can be reduced and could play an important part in reducing the amount of land preparation required.

However, many of the operations in preparing the seedbed would be done even if weed control was not a problem, and recent research has involved an attempt to find out if and how these operations can be reduced. The work has been in the South in connection with double cropping of soybeans and small grains, but the results should be of interest to all of you.

Two types of planters, the till planter and double disk opener, have been used successfully in planting soybeans following small grains with no land preparation other than that done by the planter. The disk opener planter has been used successfully on sandy loams and very heavy clays. The stubble is left standing, mowed and removed, or shredded with a stalk shredder and left as a mulch. Shredding or removing very tall stubble facilitates planting. Shredding provides a good mulch, and if weeds are present they are shredded along with the straw. However, this operation costs money and can be eliminated, especially if the stubble is short.

Planting in this manner conserves moisture, and has produced substantially better stands and yields than plantings made in the conventional manner. Since only a portion of the soil is disturbed, fewer weed seeds germinate, and the shredded stubble also facilitates weed control. Cultivation is done in a number of ways, including tractor-mounted rotary hoes on plantings made with the till planter, disk cultivators, and sweeps.

The Southwest

Some of you have indicated an interest in soybean production in the irrigated valleys of the Southwest and in the research being done in that area.

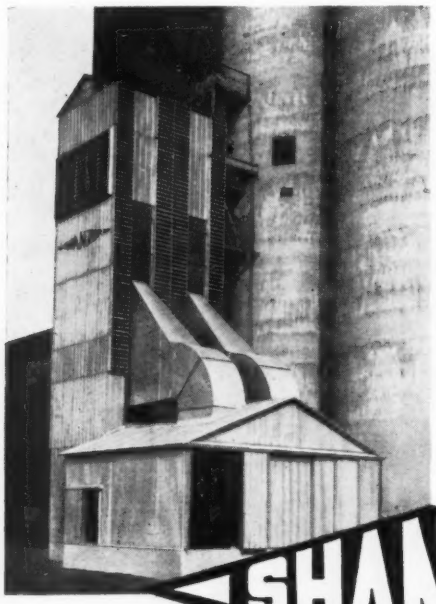
There is need for a summer crop in the area to follow barley, flax, and vegetables, and need for an oilseed crop to replace some of the reduced production of cottonseed and flax. Soybeans seem to be a logical choice in both cases, and are being tried rather extensively in California and Arizona. Problems of when and how to plant, when to irrigate, and how to fertilize and inoculate have been under investigation and good progress has been made. Additional experience will undoubtedly improve these practices, but fairly satisfactory results are being obtained with relatively little experience.

There are, however, three problems of soybean production that are more serious in the irrigated Southwest than in most other areas.

The first of these is the high cost of production and land, which necessitates obtaining high yields in order to make soybean production economical. The yields required to return a reasonable net profit are higher than for other areas where soybeans are presently produced on a large scale.

The second problem is one of salt—in the Imperial Valley especially. Although this varies considerably from one farm to another, some of the soils appear to be too salty for profitable soybean production using present varieties and cultural practices. Cultural practices have been developed to reduce some of the damaging effects of high salt concentrations, and attempts to develop salt-tolerant varieties are under way.

The third problem is shattering. Many varieties that are shatter-resistant in other areas of the country are very susceptible to shattering in the Southwest.



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CROP REPORT

U. S. Crop Deteriorated in August

THE AUG. 1 forecast of the U. S. Department of Agriculture crop reporting board was for a national soybean yield of 420 million bushels, almost a fourth more than last year. Private forecasts ranged from 400 to 418 million bushels, and the National Soybean Crop Improvement Council estimated 427.8 million bushels as of the same date.

But the crop deteriorated during August due to drought and extreme heat in some of the main soybean growing areas, notably those west of the Mississippi River. USDA's Sept. 1 report was expected to revise the 420-million-bushel figure downward.

The Digest had reports of drought conditions in all states west of the Mississippi and north of Arkansas, also some dry areas in Illinois and Indiana. Conditions in the upper Midwest were extremely variable, particularly in Iowa where the main soybean growing areas were hit by drought. The situation was hard to estimate because conditions were so spotty.

In the Midsouth and the South Atlantic states conditions were seldom better, and yields were expected to be the best in some years.

In general, maturity of the crop was about normal, and early crop movement may get under way about the same time as last year. Illinois forecasts were that beans may start moving between Sept. 12 and 20.

Grasshopper infestations were reported in Nebraska, North Dakota, Minnesota, Illinois, Missouri, and Oklahoma. Damage was reported to be not nearly so serious in Missouri as it was last year. Heavy grasshopper populations were reported in most of Minnesota.

Green cloverworm was reported feeding on soybeans generally in Delaware. There has been severe damage by cucumber beetles in Louisiana and heavy feeding by bean leaf beetles on soybeans in extreme southeast Missouri.

J. Ross Fleetwood, University of Missouri agronomist, reports root and stalk diseases are very evident in Missouri and will cause significant losses. Lewis C. Saboe, Ohio State University agronomist, says root rot is serious in certain regions in Ohio.

Spot reports from our crop reporters and other sources:

Arkansas. Paul C. Hughes, Farmers Soybean Corp., Blytheville (8/22): A larger late crop than usual after small grain. We need a good general rain *now* if we are to have a bumper crop. Ogdens going back every day.

Illinois. Albert Dimond, Lovington (8/22): Maturity about average. Vine growth heavy. Beans probably look better than they are. Could deteriorate fast in August. They have before and the weather is hot. Yield probably will be better than last year. Heavy July rains in spots aggravated weed condition. Crop movement will begin shortly after middle of September.

Indiana. Chester B. Biddle, Remington (8/22): Maturity 100 percent except replanted areas later than normal. Extreme heat and shortage of moisture is cutting expected yield. Scattered rain in area. Yield outlook 25 to 30 percent under 1954.

J. B. Edmondson, Danville (8/23): Crop condition excellent. Growth unusually high, podding normal. Some lodging bound to occur later. Weather and moisture conditions just about right to date. No extra moisture, however, to carry over a dry spell. Crop could easily get hurt yet. Crop movement will begin a week later than 1954 if moisture continues. Dry fall would bring harvest up to normal date. Assuming normal fall, per-acre yield will top 1954 by 6 to 8 percent. Total yield up around 10 percent. Weeds will be a problem this year. Lots of corn, jimson, pigweeds. Big corn acreage competed with beans for cultivation at crucial times. Storage problem will be more acute than last year. More beans to store and fewer beans kept on the farm. "Orderly marketing" will have less appeal this year.

Kentucky. State Weather and Crop Report (8/23): Soybeans in principal producing areas in western Kentucky more than half in or past podding stage.

Louisiana. Mark H. Brown, Lake Providence (8/20): Maturity early. Beans planted in March will be harvested in September. Too much rain in late July and first half of August. Early crop much better than last year. Late very grassy. Very hard to control grass and coffee weeds. About half of crop will be sold for export and balance stored if prices go down.

Maryland-Delaware. Crop and Weather Report (8/16): Not much storm damage except from flooding in a few local areas. Soybeans should benefit from ample soil moisture supplies.

Minnesota. John W. Evans, Montevideo (8/20): Maturity of crop advanced. Weather and moisture conditions good. Crop movement will begin week or 10 days earlier than 1954. Yield outlook less than 1954 on average due to uneven emergence. A good acreage and soybeans will be next most profitable crop to corn. New varieties Chippewa and Renville looking well.

Howard E. Grow, Farmer Seed & Nursery Co., Faribault (8/19): Ma-

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turity week to 10 days early. Crop condition variable. Some fields excellent, others suffering from lack of moisture. No rain for about two weeks. Temperature above normal. Most fields weedy.

Mississippi. W. T. McKinney, Anguilla (8/20): Weather and moisture conditions entirely favorable for bean production. Yield outlook 125 percent of 1954. Weather during harvest season is most critical consideration. Favorable weather will produce larger crop than for several years past.

Missouri. E. W. Trachsel, Helena (8/23): Some fields looking extra good. Others are no good due to grasshopper damage and dry, hot weather. If present weather continues yield will be reduced materially. Rainfall very spotty and mostly in heavy showers causing erosion and runoff.

J. Ross Fleetwood, University of Missouri (8/22): Crop condition still good but has slipped some in last two weeks. Weather hot and dry over much of the soybean area. Good rains now would increase yield and delay harvesting. Weeds are a problem in many fields.

North Carolina. Paul Keller, Clayton (8/22): In inland areas beans are way ahead of last year's drought crop. Some beans flattened by hurricanes. In coastal area where major part of crop is produced, much damage from drowning and salt water. No good estimates of loss yet. Some beans which look good have lost blossoms.

North Dakota. Floyd Poyzer, Amenia Seed & Grain Co., Amenia (8/22): Dry and too hot. Some damage showing up.

Ohio. State Weekly Weather and Crop Report (8/23): Growing conditions have been favorable. Soybean fields look good as foliage appears greener than usual for this time of year. Yield prospects continue very good.

SOYBEAN CROP PRODUCTION, AUG. 1 FORECAST

State	Yield per acre: Average 1944-53	Yield per acre: 1954	Yield per acre: Indicated 1955	Production: Average 1944-53	Production: 1954	Production: Indicated 1955
		Bushels			Thousand bushels	
N. Y.	16.3	11.0	14.0	102	88	84
N. J.	18.2	22.0	18.0	305	528	414
Pa.	16.6	18.0	16.0	401	306	336
Ohio	20.1	25.5	24.0	20,250	29,708	29,880
Ind.	20.9	24.0	25.0	32,689	46,128	52,850
Ill.	22.6	21.5	25.5	81,614	92,214	115,515
Mich.	18.6	22.0	21.0	1,775	3,476	3,465
Wis.	13.8	15.0	16.0	516	1,035	1,136
Minn.	17.0	21.0	20.0	15,194	42,294	46,700
Iowa	21.2	26.0	24.0	35,438	55,900	53,352
Mo.	18.0	15.0	23.0	19,214	27,540	44,390
N. Dak.	11.7	15.5	15.0	201	1,100	1,185
S. Dak.	14.9	18.0	18.0	682	3,114	4,734
Nebr.	20.7	22.0	20.0	927	4,180	4,900
Kans.	12.5	8.0	12.0	3,967	2,448	3,600
Del.	14.0	17.5	17.0	762	1,190	1,207
Md.	15.8	18.5	20.0	948	1,998	2,320
Va.	16.8	15.5	18.0	2,078	2,898	3,096
N. C.	14.4	16.0	16.5	3,735	4,720	4,702
S. C.	10.4	7.0	14.0	589	910	2,100
Ga.	9.6	7.0	12.5	206	210	438
Fla.	(1) 19.0	12.0	20.0	(1) 178	348	680
Ky.	16.8	16.0	19.0	1,768	2,048	2,470
Tenn.	17.5	12.0	21.0	2,333	2,160	3,885
Ala.	17.5	11.5	21.0	1,079	1,196	2,226
Miss.	15.2	9.5	23.0	3,479	4,930	12,512
Ark.	17.2	11.5	22.0	7,337	9,096	20,526
La.	14.6	16.0	17.5	460	848	980
Okla.	10.4	5.5	12.0	330	99	360
Texas	.....	17.0	.....	.....	85	.....
U. S.	19.9	20.1	22.8	238,488	342,795	420,043

(1) Short-time average, crop reporting board, AMS, USDA.

Oklahoma. Ralph S. Matlock, department of agronomy Oklahoma A & M College, Stillwater (8/23): Maturity about five days later than average. Weather and moisture conditions fair in most areas. Yield outlook much better than 1954.

South Carolina. H. W. Perrow & Sons, Cameron (8/22): Getting extremely dry. Beans beginning to shed. If we get sufficient water in next two weeks crop will be best ever. Prettiest prospect I've seen. Yield outlook 20 to 30 bushels compared to 5 to 10 bushels in 1954.

South Dakota. H. G. Miller & Son, Garden City (8/23): Crop condition not too good. Very dry. No rain for weeks. Yield outlook is around 10 bushels.

Tennessee. Peter Fredrickson, West Tennessee Soya Mill, Tiptonville (8/20): Crop condition good. Bean crop needs rain or will suffer. Ogdens now in critical stage. Yield outlook 25 bushels, about twice that of last year with average weather.

Virginia. Weekly Weather and Crop Report: Soybeans benefited from recent rains. Some early beans were beaten down by wind and rains.

Margarine Conviction

The first conviction under the 1953 law requiring restaurants to give notice to customers they are being served oleomargarine has been announced by the Illinois State Agriculture Department.

Proprietors of the Pig and Bun Restaurant at Rock Falls, Ill., were fined $100 and costs on a complaint they served margarine as butter.

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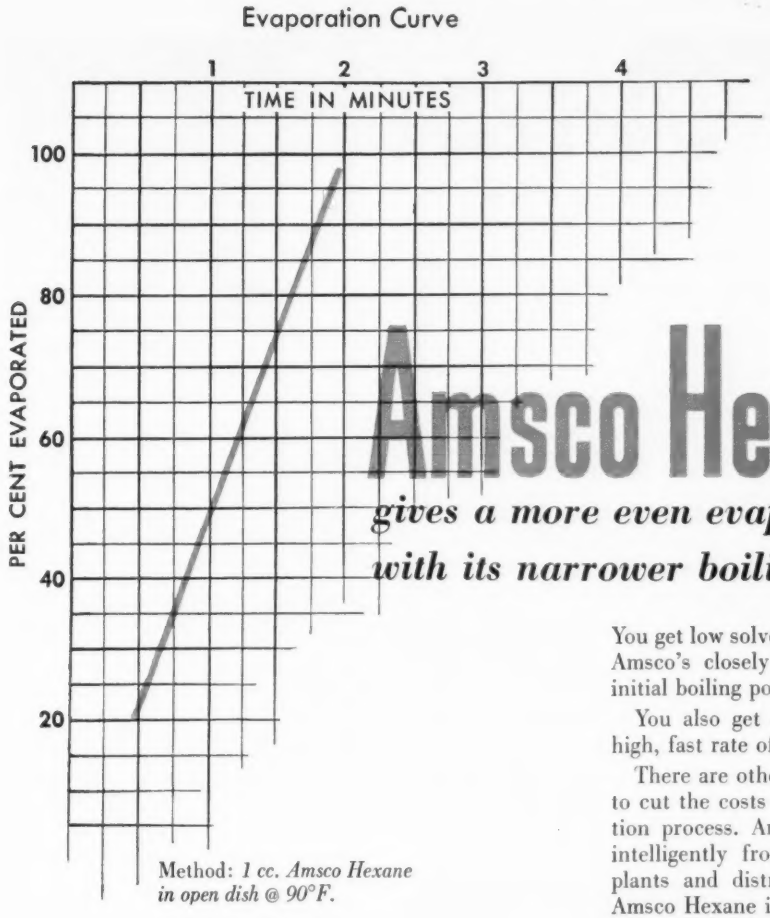

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WASHINGTON DIGEST

Washington Bearish on 1955 Crop

By PORTER M. HEDGE
Washington Correspondent for The Soybean Digest

OUTLOOK. This is about the way officials are looking at the soybean outlook since the August crop report indicating a harvest of 420 million bushels. The crop has come of age, and along with it these tentative conclusions are reached:

1—Large soybean crops—that is, in the neighborhood of 350 million bushels or more—are probably here to stay.

2—The export market, only a very small part of the total market up to the last year or two, can be a much more important part of the outlet for soybeans.

3—Somewhat larger carryover stocks than have been available in recent high-demand years probably will be needed in the future to provide for somewhat more stability in operations.

USDA officials are taking a very bearish view of soybean prices this coming season—in comparison with the levels farmers have been acquainted with in recent years.

This attitude has developed since the August estimate of 420 million bushels. It's based on the general assumption that there will be enough soybeans for about all purposes this season, without anyone having to rustle up supplies.

Total supply of around 430 million bushels is indicated—with a carryover of around 10 million. You could make very generous allowances for use this season and still come out with a sizeable carryover at the end of the marketing year. For example:

Assume a crush averaging 24 million bushels a month—total use 288 million bushels for crushing. Assume a 50 percent increase in exports over the new record of this year—total exports of around 85 million bushels in 1955-56. Assume about the same volume for use as seed and feed—28 million bushels total.

The sum of these figures, all of which could be considered fairly optimistic, is 401 million bushels, which would still leave a comfortable carryover for the following season.

Supply-use estimates such as this make most officials think in terms of an average soybean price for this year at around price support level —$2.04 a bushel U. S. average. Prices well below $2 a bushel at the farm are anticipated at harvest time this fall.

A few officials are more optimistic than this; think the price might well average above support over the season, and hit a peak of 15 to 25 cents a bushel higher than support.

This reasoning is based on the fact that our fats and oils prices are pretty competitive now; that soybeans are especially in demand; that if reasonable efforts are made to merchandise the big crop it can be done at fair prices to growers.

EXPORTS. Soybean exports for the 1954-55 marketing season will exceed the 55 million bushel mark set last fall as an estimate of probable shipments for the year.

Reason is the Commodity Credit Corp. program of offering for export on a bid and acceptance basis soybeans taken over in price support operations.

Two and a third million bushels of CCC-held beans had been sold for export through Aug. 24, with additional offerings for export sale still being out.

The first sale totalled 685,333 bushels early in August, Cargill and Continental Grain being the successful bidders. Prices on this sale, as of Aug. 8, were $2.38¾ at New Orleans, and a range of $2.46¾ to $2.60¼ fob boat at Baltimore.

The second sale totalled 1,652,033 bushels, all but about 200,000 bushels for delivery at New Orleans. Prices ranged at New Orleans from $2.30 to $2.39¾, and at Baltimore from $2.38 to $2.48, all fob boat.

An additional 2 million bushels of soybeans had been offered for sale into export in late August.

Soybean exports from the start of the 1954-55 season through June totalled 48,238,000 bushels. Inspections for export from July 1 thru Aug. 12 totalled 5,096,000 bushels. Total indicated exports up to around mid-August were 53,334,000 bushels. Addition of the CCC sales will more than push the total over the 55 million bushel goal.

JAPAN. The Japanese minister of agriculture, Mr. Ichiro Kono, is in

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the United States this month for trade talks with U. S. officials, including those in agriculture.

The question of soybean exports to Japan in the coming marketing season is sure to come up, and particularly the prospects of soybeans being placed on the special export, Public Law 480, list. Such discussions, however, may be off the record and informal.

The Japanese minister will be interested in a number of crops, including wheat, rice, and cotton, but also is understood to be interested in soybeans.

USDA officials are prepared to offer their services in arranging a swing through part of the soybean belt, providing this is desired by the minister and he has the time.

The Chinese finally made the sale of 50,000 tons of soybeans (over 1.8 million bushels) to Japan after the latter country had broken off negotiations with China and thrown procurement of this volume on a global basis.

The understanding in Washington is that the U. S. trade was not prepared to give the Japanese quite as good a deal as the latter finally obtained from China, though there were elements other than price in the transaction.

OIL SUPPORT. The proposal that Commodity Credit Corp. purchase cottonseed and soybean oils at an agreed upon price is not dead, though officials would prefer not to go through with it, and won't unless pressed by below-anticipated prices for cottonseed.

Use of the plan depends largely on how much pressure is exerted to support cottonseed prices this season. It had been believed that with fairly stiff acreage controls cottonseed wouldn't be apt to get into price trouble this year. But with the first estimate indicating over a 12-million-bale crop, officials aren't so sure now.

Adopt Uniform Trading Rules for Midsouth

ADOPTION of uniform trading rules for the Midsouth area was voted by the Midsouth Soybean and Grain Shippers Association at its annual convention in Memphis early in August.

The convention also voted to hire a rate man to investigate equities and grain rates in the area.

Well over 100 were present. Dixon Jordan, president of the Memphis Board of Trade, gave the address of welcome.

Much interest was shown in the grading demonstration and discussion of the new grading factors in soybeans, led by B. T. Skeels, federal grain inspection supervisor.

It appears that purple stain will be a grading factor in the area in only a few cases. But heat damage apparently may cause trouble, as the line between total damage and heat damage is left entirely to the judgment of the grader.

A panel discusion of problems of mutual interest included Lee C. Canterbury, Cargill, Inc.; W. Randall Flippin, Buckeye Cotton Oil Co.; and Jack Gordon, Continental Grain Co., all of Memphis.

Paul C. Hughes, Farmers Soybean Corp., Blytheville, Ark., was re-elected president of the Association; J. P. Critz, Clarksdale Grain Elevator, Clarksdale, Miss., vice president; and Albert Cravens, Missouri Soybean Co., Caruthersville, Mo., secretary-treasurer.

The executive committee includes: E. R. Putnam, Jr., S. & S. Grain & Storage Co., Charleston, Mo.; John C. Terral, Terral & Norris Seed Co., Lake Providence, La.; Cecil Moss, Tennessee Soybean Co., Union City, Tenn.; and H. M. Jordan, Jordan Seed Co., Cleveland, Miss.

Gene Williamson, Browder Milling Co., Fulton, Ky.; Joe Stallings, Stallings Brothers Feed Mill, Morrilton, Ark.; Oliver Berry, St. Joseph Grain Elevator, St. Joseph, La.; and Milton Magee, Farmers Soybean & Grain Co., Dyersburg, Tenn.

Market Street

We invite the readers of THE SOYBEAN DIGEST to use MARKET STREET for their classified advertising. If you have processing machinery, laboratory equipment, soybean seed, or other items of interest to the industry, advertise them here.

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BAG CLOSERS — FISCHBEIN Portable Bag Closers in stock for immediate shipment. Write for circular and prices. Douglas L. Mains Co., 1034 College Ave., Wheaton, Ill. Phone Wheaton 8-7474.

FOR SALE — FLAKING AND cracking rolls, meal toasters, filter presses, hammer mills, Anderson 14-inch conditioners, 36-inch cookers. Pittock & Associates, Glen Riddle, Pa.

WANTED—NUMBER 13 FORSberg Gravity with or without motor. Advise lowest price. W. E. Reid, Box 103, Chatham, Ontario.

FARM EQUIPMENT — BUY SURplus direct from government at tremendous savings. Farm tools, machinery, feed, truck, jeep, tractor. Hundreds others. List $1.00. Box 169SAF, East Hartford 8, Conn.

FARMS, REAL ESTATE — SAVE, buy direct from government. Surplus farms, land, homes, etc. List $1.00. Box 169SMF, East Hartford 8, Conn.

VIRGINIA SOYBEANS—WE WILL have several thousand bushels of brown Virginia soybeans to offer, combine run or cleaned and bagged for October and November delivery. These beans are from selected seed and have grown under ideal weather conditions. (Also a few truck loads of Laredos to offer.) Call 83R3 for quotations. Jones Farm Store & Elevator, Ridgway, Ill.

FOR SALE: ALL MAKES OF USED combines and new Gleaner Baldwin, drag type and self propelled. Write me what you are interested in. Get your soybeans in early with your own combine the only satisfactory way. Bard Selden, Hollywood, Miss.

FOR SALE: LEE SOYBEANS PRODuced from certified and registered seed. Only Lee variety harvested on my farm. All seed pure with low moisture and high germination. Plant the best seed for high yields. Write Bard Selden, Hollywood, Miss.

JAY BEE HAMMERMILL WITH 60 h.p. motor and starter. Crusher feeder with motor. Contact A. M. Gertsen, mgr., Farmers Coop Grain Co., Story City, Iowa.

WANTED—ALL TYPES OF MEAL coolers, dehydrating drums and hammermills, 150 H.P. and up. Soybean Digest, Box 319S, Hudson, Iowa.

FOR SALE—SEVEN INTERMEDIate cooker rings and bottoms complete with sweeps and fittings for 72-inch French screw press stack cookers. — Address inquiries to Sweetwater Cotton Oil Co., Sweetwater, Tex.

FOR SALE—COMPLETE 9x30, 2 High Robinson "Unique" cracking rolls, including motor, V belt drive, compensating switch, two complete sets of spare rolls, one set brand new, other set recut once. Open for inspection. Industrial Soya Co., Toledo, Ohio.

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(Continued from Page 8b)

beans have suffered from recent adverse weather.

Warren S. Patrick, Scott Plantations, Tallullah, La., sees an average yield of 23 to 25 bushels, with prospects of conditions too wet for harvest of early varieties.

Wilbert Beauchamp, Lincoln County, Mo., reports the outlook is good, but lack of moisture for three weeks is beginning to cut yield. Carver Brown, Audrain County, Mo., says two and one-half inches of rain ended a month of dry weather that reduced yields around 20 percent.

D. G. Hanway, University of Nebraska, Lincoln: Drought damage severe except where irrigated. Some dryland beans being cut for hay. Hottest, driest July and August in many years.

Astor Perry, North Carolina extension agronomist: Impossible to get in most fields since Hurricane Connie. Approximately 5,000 acres were completely destroyed by salt water and twice that much by backed up fresh water during hurricanes. Survey of county agents showed expected damage of $2.6 million.

G. G. McIlroy, Irwin, Ohio: Yield outlook less than 1954 on account of extremely dry weather. Ohio Weather & Crop Report: Soybeans have suffered some damage. Dry areas appear to be located in almost every section of state. In bulk of crop prospects continue good to excellent.

Virginia Weekly Weather and Crop Report: Outlook for soybeans remains good but continued rain in many eastern counties is causing growers to be less optimistic. Hurricane blown fields may be difficult to combine.

OUTLOOK FOR 1955 CROP YEAR

K. A. Standing, southwestern Ontario: Yield outlook good, perhaps 22 bushels per acre, three bushels more than a year ago. Plenty of moisture for soybeans.

Even with the drop in the September crop estimate, most Washington market men think the price the coming season will average close to the loan rate. A moderate rise next spring to something like 10 to 15 cents a bushel above loan is expected. (See forecast by Hieronymus on page 18 this issue.)

CCC TAKEOVER SOYBEANS

USDA finally gave into processor demands Sept. 2 by announcing that **the balance of CCC's takeover soybean l.c.l. lots would be sold on an unrestricted bid basis to domestic crushers the same as to exporters.**

CCC has pretty well cleaned out its loan beans. CCC said it had sold 8.1 million bushels of loan beans domestically and 4.2 million bushels in export at the time the announcement was made.

	Cash price to farmers for old crop No. 1 soybeans Sept. 6	Price to farmers for No. 2 soybeans Sept. 6	Price to farmers for new crop No. 1 soybeans Sept. 6	Price for new crop No. 2 soybeans Sept. 6	Retail cash price for bagged soybean oil meal Sept. 6
Fla.	$2.00				
Ill.	2.30@$2.34	$2.26@$2.27		$2.01@$2.07	$64@$80
Ind.	2.22			2.07	
Iowa	2.16	2.16	1.90½		80
Kans.	2.00@ 2.07	2.00@ 2.07		1.90	70@ 74
Ky.	2.10				
Minn.			2.13		
Mo.	2.00@ 2.08	2.01	2.00	1.92	77@ 79
N. C.	2.15	2.10			72
Ohio	2.15	2.26		1.96	71
Tenn.	1.95			1.95	77
Ontario	2.00	1.99		1.99	

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IN THE MARKETS

SUPPLY AND DISTRIBUTION of the 1951-54 soybean crops, Oct. 1-July 1, reported by Agricultural Marketing Service (1,000 bu.)

	1951-52	1952-53	1953-54	1954-55
Carryover—Oct. 1	4,159	3,575	10,137	1,336
Production	282,477	298,052	268,528	342,795
Total supply (1)	286,636	301,627	278,665	344,131
Farm use including seed for season	21,636	25,180	25,000	27,000
Quantity remaining for processing, export, or carryover	265,000	276,447	253,665	317,131
Disappearance, October through June 30				
Crushed for oil or processed (2)	194,323	183,730	171,861	189,060
Exported	14,349	27,695	37,285	48,535
Total	208,672	211,425	209,146	237,595
Balance on July 1 for processing, export, or carryover	56,328	65,022	44,519	79,536

(1) Imports negligible. (2) No allowance is made for new crop crushings prior to Oct. 1.

Soybeans: Supply and distribution, 1952-54 (1,000 bu.)

Supply

Year and quarter	Stocks at beginning of period (1) Farms	Interior mills & elevators	Crushing plants	Terminal markets	CCC (2)	Total stocks	Production	Total supply
1952-53								
Oct.-Dec.	1,958	296	611	710	0	3,575	298,052	301,627
Jan.-Mar.	83,621	48,346	79,852	13,394	1,037	226,250		226,250
Apr.-June	59,669	27,926	49,613	9,048	815	147,071		147,071
July-Sept.	20,393	11,393	26,905	3,245	356	62,292		62,292
Season						3,575	298,052	301,627
1953-54								
Oct.-Dec.	5,755	2,021	1,023	1,098	240	10,137	268,528	278,665
Jan.-Mar.	81,599	36,675	58,531	13,196	286	190,287		190,287
Apr.-June	37,312	16,862	52,297	11,461	36	117,968		117,968
July-Sept.	3,652	3,454	24,598	3,917	0	35,621		35,621
Season						10,137	268,528	278,665
1954-55								
Oct.-Dec.	529	113	81	613	0	1,336	342,795	344,131
Jan.-Mar.	150,267	57,804	44,613	8,534	0	261,218		261,218
Apr.-June	114,776	40,623	17,549	3,914	0	176,862		176,862
July-Sept.	33,130	18,969	10,775	2,385	1,582	66,841		

Distribution

Year and quarter	Used for for seed	Net exports (3)	Crushed at mills	Feed and residual (4)	Total disappearance
1952-53					
Oct.-Dec.	.....	13,918	65,901	—4,442	75,377
Jan.-Mar.	.....	7,426	60,665	11,088	79,179
Apr.-June	20,539	6,349	57,163	728	84,779
July-Sept.	.....	4,213	50,675	—2,733	52,155
Season	20,539	31,906	234,404	4,641	291,490
1953-54					
Oct.-Dec.	.....	23,614	62,326	2,438	88,378
Jan.-Mar.	.....	7,858	58,903	5,558	72,319
Apr.-June	23,368	5,794	50,632	2,553	82,347
July-Sept.	.....	2,213	41,297	—9,225	34,285
Season	23,368	39,479	213,158	1,324	277,329
1954-55					
Oct.-Dec.	.....	27,172	65,114	—9,373	82,913
Jan.-Mar.	.....	12,325	60,785	11,246	84,356
Apr.-June	25,071	(5) 9,031	63,161	12,758	110,021

(1) Oct. 1 stocks in all positions include only old crop soybeans. (2) Owned by CCC in transit to ports. (3) Imports negligible. (4) Mostly quantity fed, but includes waste, loss and statistical errors in estimates. (5) Partly estimated. Stocks, production, and quantity used for seed estimated by crop reporting board; exports and quantity crushed from Bureau of the Census.

PRICES. Average prices received by farmers, effective parity and support rates on soybeans, reported by Agricultural Marketing Service (dollars per bushel)

Average farm price			Effective parity	Av. price as percent of parity	National average price support rate		
July 15	June 15	July 15	July 15	July 15	1953	1954	1955
1954	1955	1955	1955	1955	crop	crop	crop
3.47	2.32	2.23	2.89	77	2.56	2.22	2.04

Average farm and parity prices from crop reporting board.

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SOYBEANS: No. 2 Yellow: Average monthly price per bushel at Illinois country shipping points, 1951 to date

Year	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Avg.
	Dollars												
1951-52	2.80	2.90	2.95	2.90	2.90	2.88	2.82	2.92	3.17	3.22	3.25	2.98	2.97
1952-53	2.85	2.89	2.90	2.85	2.82	2.94	2.95	2.87	2.76	2.56	2.55	2.47	2.78
1953-54	2.57	2.83	2.99	3.03	3.17	3.49	3.80	3.63	3.66	3.70	3.55	2.72	3.26
1954-55	2.69	2.74	2.73	2.74	2.74	2.63	2.54	2.46	2.42	2.36			

Quotations are for No. 1 yellow soybeans since the latter part of September 1953. Agricultural Marketing Service.

PROCESSING OPERATIONS. Reported by the Bureau of the Census for June and July.

Primary Products Except Crude Oil at Crude Oil Mill Locations: Production, Shipments and Transfers, and Stocks, July 1955-June 1955.

(All figures in short tons of 2,000 pounds)

	Production		Shipments and transfers		Stocks end of month	
	July 1955	June 1955	July 1955	June 1955	July 31 1955	June 30 1955
Soybean:						
Cake and meal	493,481	509,449	494,596	510,819	98,268	99,383
Flour	9,255	10,762	9,169	10,584	3,014	2,928

Soybeans: Net Receipts, Crushings, and Stocks at Oil Mills, By States, July 1955-June 1955. (Tons of 2,000 pounds)

State	Net receipts at mills		Crushed or used		Stocks at mills	
	July 1955	June 1955	July 1955	June 1955	July 31, 1955	June 30, 1955
U. S.	633,374	680,836	640,409	663,578	316,216	323,251
Illinois	273,784	300,086	281,990	276,640	107,996	116,202
Indiana	56,756	82,102	63,993	71,523	23,249	30,486
Iowa	131,147	118,012	108,200	120,330	70,669	47,722
Kansas	(1)	(1)	(1)	(1)	(1)	(1)
Kentucky	13,464	(1)	11,207	(1)	19,121	16,864
Minnesota	50,331	48,195	43,387	44,708	18,710	11,766
Missouri	(1)	(1)	(1)	(1)	(1)	(1)
Nebraska	(1)	(1)	(1)	(1)	(1)	(1)
North Carolina	(1)	(1)		(1)	(1)	806
Ohio	55,756	61,060	61,566	66,192	25,652	31,462
All other	52,136	71,381	70,066	84,185	50,819	67,943

Soybean Products: Production and Stocks at Oil Mill Locations, By States, July 1955 - June 1955

State	Crude oil (thousands of pounds)				Cake and meal (tons)			
	Production		Stocks		Production		Stocks	
	July 1955	June 1955	July 31 1955	June 30 1955	July 1955	June 1955	July 31 1955	June 30 1955
U. S.	235,756	243,635	51,751	30,669	493,481	509,449	98,268	99,383
Illinois	107,019	104,752	17,623	10,029	211,073	204,977	57,391	59,485
Indiana	23,990	27,217	6,378	2,661	51,493	57,597	9,183	6,546
Iowa	38,753	42,726	7,232	5,621	85,056	94,427	10,147	14,300
Kansas	(1)	(1)	(1)	510	(1)	(1)	(1)	(1)
Kentucky	4,086	(1)	978	549	8,590	(1)	(1)	849
Minn.	14,632	15,426	3,653	3,134	33,475	34,560	2,308	2,096
Missouri	(1)	(1)	(1)	(1)	(1)	(1)	(1)	1,753
Nebraska	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
N. Car.		(1)	(1)		(1)	723		1,066
Ohio	21,842	23,212	4,465	2,458	48,945	51,567	4,615	2,905
All other	25,434	30,302	11,422	5,707	54,849	66,321	13,901	10,383

(1) Included in "All other" to avoid disclosure of figures for individual companies.

CONVERSION VALUE. The following table showing conversion values of a bushel of soybeans (in dollars) are based on the following factors: Average daily bid to Illinois country points on a monthly basis for No. 1 beans, average price of spot meal and oil reported to the Board of Trade, basis bulk Decatur, 47 pounds of meal per bushel of beans and 11 pounds of oil. These calculations are based entirely on day-to-day average spot prices. The figures in the following table do not reflect the cost of processing a bushel of beans and are not intended to indicate the profit or loss for the crushers.

	Average Oct. '54 thru Mar. '55	Apr. 1955	May 1955	June 1955	July 1955
Average price per pound soybean oil basis Decatur	0.121	0.116	0.12	0.124	0.116
Value of oil per bushel	1.33	1.28	1.32	1.37	1.28
Average price of meal per ton basis Decatur	66.06	58.71	53.44	51.47	53.91
Value of meal per bushel	1.55	1.38	1.26	1.21	1.27
Value of meal and oil per bushel	2.88	2.66	2.58	2.58	2.55
Average price of No. 1 beans basis Ill. country points	2.71	2.53	2.46	2.42	2.36
Conversion value over price of bushel of beans	0.17	0.13	0.12	0.16	0.19

Agricultural Marketing Service, USDA.

FACTORY USE VEGETABLE OILS for May and June as reported by Bureau of the Census (1,000 lbs.)

Factory Consumption of Vegetable Fats and Oils, By Uses, During June 1955

	Edible products			Inedible products			
	Shortening	Margarine	Other edible	Soap	Paint & varnish	Lubricants & similar oils	Other inedible
Cottonseed, refined	13,727	3,240	1,554	.....	.....	.....	359
Soybean, crude	.....	.....	.....	71	467	42	2,157
Soybean, refined	51,951	7,048	10,696	.....	7,805	23	7,725
Foots, vegetable, raw and acidulated (100% basis)	.....	.....	.....	2,372	158	.....	332
Hydrogenated vegetable oils, edible:							
Cottonseed	29,139	17,478	.....	.....	.....	.....	.....
Soybean	40,191	53,211	824	.....	.....	.....	35

Consumption of Primary Fats and Oils in Fat Splitting

	1955			1954	
	June	May	Jan.-June Cumulative	June	Jan.-June Cumulative
Vegetable					
Coconut, Crude	2,947	4,266	18,120	5,018	28,076
Other vegetable	2,901	2,383	11,936	1,088	7,175
Total vegetable	5,848	6,649	30,056	6,106	35,251
Soapstocks					
Vegetable foots	12,061	9,789	58,820	9,432	60,116
Total primary	44,214	40,366	234,091	33,197	224,642

Soybean Oil Meal Production for Designated Periods (1,000 tons)

Monthly production			Season's production		
June 1955 Preliminary	May 1955	June 1954	Oct. 1954 June 1955	Oct. 1953 June 1954	Oct. 1953 Sept. 1954
509.4	480.0	364.5	4,323.3	4,070.4	5,050.6

EXPORTS. U. S. exports of soybeans and soybean oil for June, as reported by Foreign Agricultural Service, USDA.

Soybeans	2,703,209 bu.
Soybean oil	
Crude	444,608 lbs.
Refined but not further processed	1,142,973 lbs.
Refined deodorized and hydrogenated	1,475,328 lbs.

Converted to a soybean equivalent basis the exports for June amounted to 2,996,471 bushels.

Soybeans: Inspections for Overseas Export by Ports, by Country of Destination, July 22-Aug. 12 (bushels)

	Philadelphia	Baltimore	Norfolk	New Orleans	Total
France	37,333		74,667		112,000
Germany		56,000		685,611	741,611
England			93,333		93,333
Japan	27,440			1,792,934	1,820,374
Holland		160,675	130,114	282,761	573,550
Denmark		74,667		112,000	186,667
Belgium				37,333	37,333
Korea				128,535	128,535
Norway			86,285		86,285
Formosa				366,535	366,535
Total	64,773	291,342	384,399	3,405,709	4,146,223

Reported by Agricultural Marketing Service, USDA

Oilseed Cakes and Meals: Imports and Exports, October through June

Oilseed cakes and meals	Imports		Exports	
	1953-54	1954-55	1953-54	1954-55
	—Short tons—			
Soybean	12,290	0	59,571	190,448
Cottonseed	60,636	22,316	28,687	103,425
Linseed	617	0	11,746	45,234
Peanut	10	0	1,396	800
Copra	57,685	50,740	.....	.....
Other	15,338	4,792	66	0
Total	146,576	77,848	101,466	339,907

SHORTENING. Standard shortening shipments reported by the Institute of Shortening and Edible Oils, Inc., in pounds.

July 30	3,816,496
Aug. 6	3,419,959
Aug. 13	3,198,232
Aug. 20	3,586,426

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STOCKS. Agricultural Marketing Service's commercial grain stocks reports for close of business on Friday and Saturday preceding date of the report (1,000 bu.)

	June 28	July 6	July 12	July 19	July 26
U. S. Soybeans in Store and Afloat at Domestic Markets					
Atlantic Coast	149	127	248	273	233
Gulf Coast	971	707	926	1,250	435
Northwestern and Upper Lake	377	274	390	334	388
Lower Lake	588	536	554	660	394
East Central	267	245	260	178	183
West Central, Southwestern and Western	109	111	127	131	127
Total current week	2,461	2,000	2,505	2,826	1,760
Total year ago	5,246	4,588	4,518	4,268	3,710
U. S. Soybeans in Store and Afloat at Canadian Markets					
Total current week	0	0	0	0	0
Total North American Commercial Soybean Stocks					
Current week	2,461	2,000	2,505	2,826	1,760
Year ago	5,246	4,588	4,518	4,268	3,710

	Aug. 2	Aug. 9	Aug. 16	Aug. 23
U. S. Soybeans in Store and Afloat at Domestic Markets				
Altantic Coast	190	159	44	90
Gulf Coast	504	441	148	598
Northwestern and Upper Lake	592	489	423	386
Lower Lake	1,099	1,186	1,563	1,450
East Central	97	87	88	211
West Central, Southwestern & Western	102	64	72	54
Total current week	2,584	2,426	2,338	2,789
Total year ago	4,026	3,557	3,061	2,178
U. S. Soybeans in Store and Afloat at Canadian Markets				
Total current week	0		73	10
Total year ago	0	0	0	0
Total North American Commercial Soybean Stocks				
Current week	2,584		2,411	2,799
Year ago	4,026	3,557	3,061	2,178

Primary Receipts of Soybeans in Bushels of Important Interior Points
(Last three figures (000) omitted.)

City	July 1	July 9	July 15	July 22
Chicago	301	297	620	417
Indianapolis	119	100	56	26
Kansas City	173	124	90	122
Minneapolis	293	315	399	360
Omaha	88	31	71	45
Peoria	85	136	196	170
Sioux City	7	4	2	14
St. Joseph	76	46	46	45
St. Louis	2	.....	8	2
Toledo	.....	256	170	34
Totals	1,144	1,309	1,658	1,235
Last Year	3.68	257	370	561

City	July 29	Aug. 5	Aug. 12	Aug. 19
Chicago	1,549	768	519	499
Indianapolis	80	232	193	99
Kansas City	121	81	46	61
Minneapolis	401	183	264	166
Omaha	50	12	49	70
Peoria	81	60	217	215
Sioux City	4	.....	7	.....
St. Joseph	114	125	34	9
St. Louis	18	3	5	4
Toledo	42	80	84	81
Totals	2,460	1,544	1,418	1,204
Last year	1,400	233	214	77

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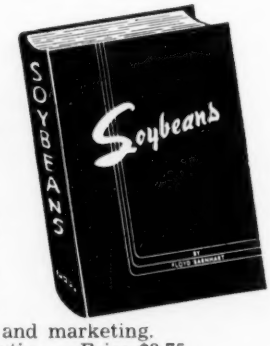
By Floyd Barnhart



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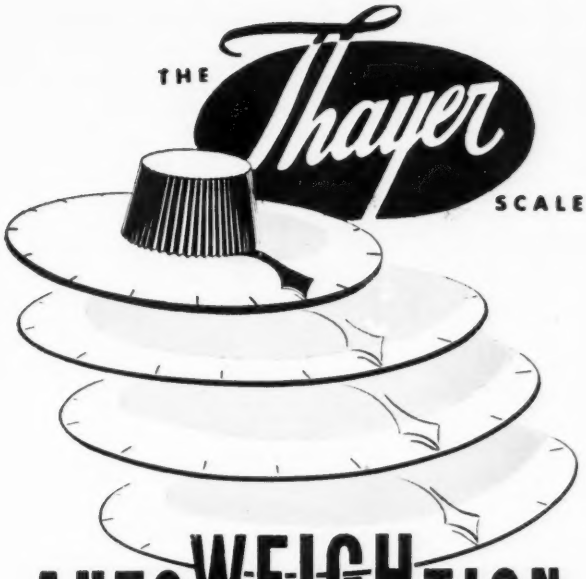

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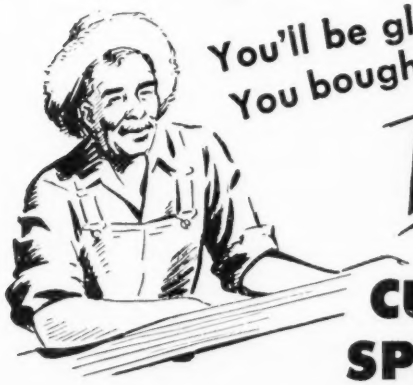

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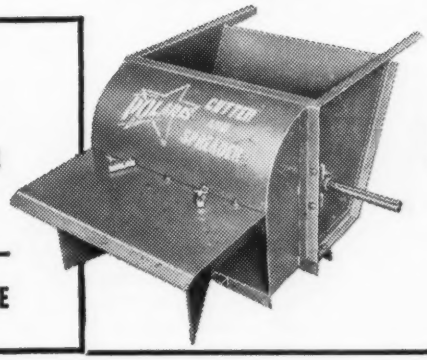

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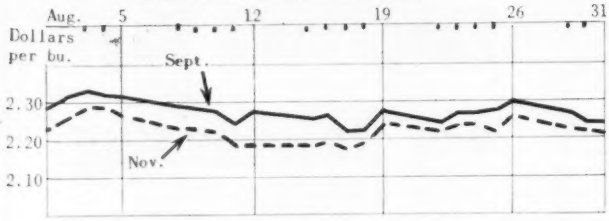
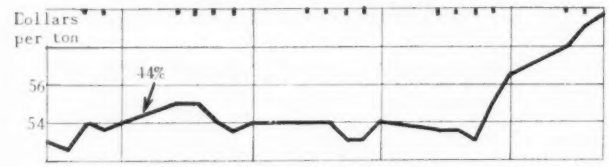
DAILY MARKET PRICES

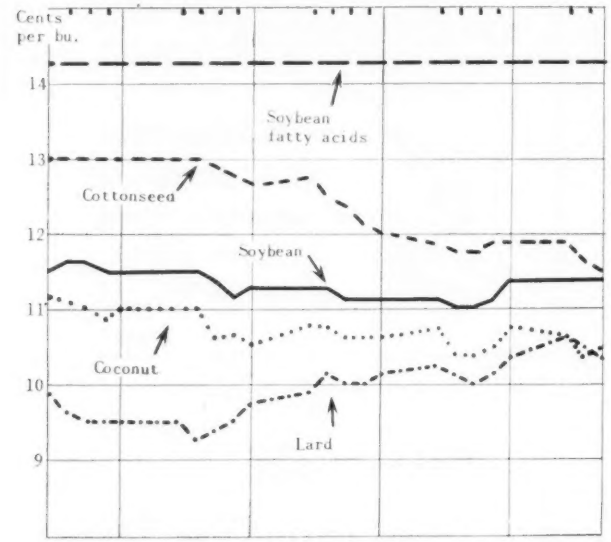
Futures No. 2 Soybeans, Chicago



Bulk Soybean Oil Meal, Decatur

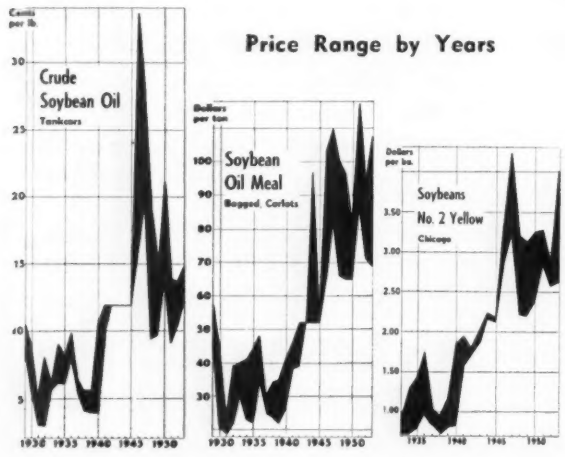


Crude Vegetable Oils and Lard, Tankcars



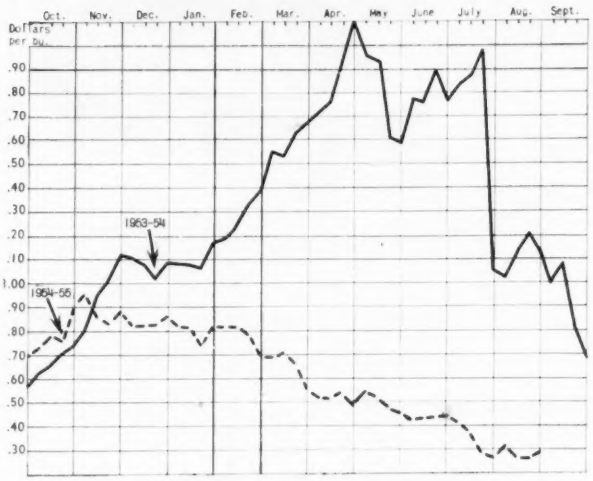
AUGUST MARKETS. Dominating factors in the August markets were: (1) The government's Aug. 1 forecast of a 420-million-bushel soybean crop, almost one-fourth larger than the largest one previously. This penetrated deeply into trade thinking. (2) A shortage of old-crop supplies for processing, which firmed up markets in late August. (3) Persistent dry weather and high temperatures in many soybean areas with possible crop damage.

Price Range by Years



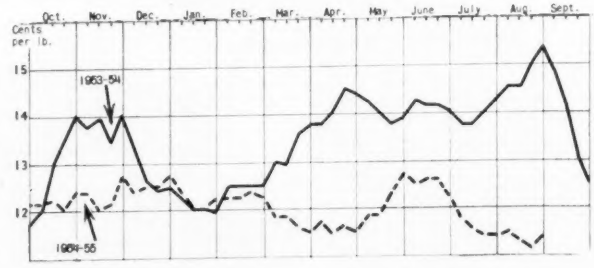
TRENDS AT A GLANCE (Weekly Close)

Near Futures Soybeans, Chicago



Bulk Soybean Oil Meal, Decatur

Crude Soybean Oil, Tankcars



SOAP STOCKS. Acid soybean soap stocks delivered Midwest advanced from 4⅞ to 5 cents a pound, and the raw product advanced from 1⅝ to 1¾ cents during August.

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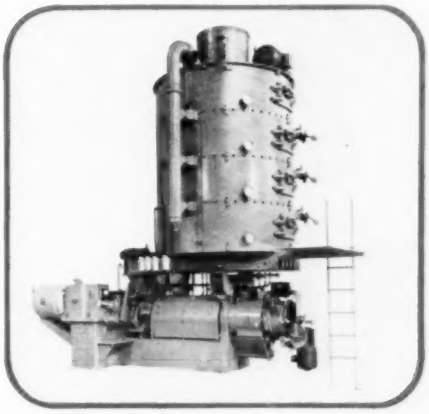

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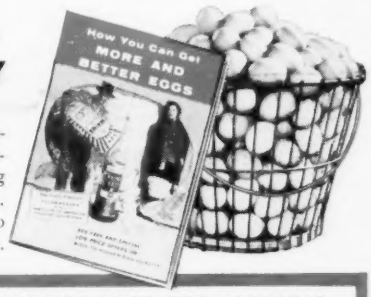

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*AT SPECIAL LOW PRICES WITH PURCHASE OF ANY WAYNE EGG FEED

Plastic Coated Wire Basket

$3.00 Value! Heavy wire, with thick, tough plastic coating. Won't mark eggs. Helps you gather and cool eggs quickly, correctly to protect quality. Holds 15 dozen.

Hanging Flock Feeder

$3.95 Value! Newest idea in feeders! Rugged galvanized steel construction. 24" high. Holds 50 lbs. Saves floor space. Simple, easy to move, adjust and clean.

Accurate Egg Scale-Grader

$2.60 Value! Easy-to-read colored dial shows accurate weight of individual eggs as well as weight per dozen. Also a handy grader. Used by thousands of producers.

Egg Room Thermometer

Designed specifically for egg storage rooms by Inst. of Amer. Pltry. Industries. Egg handling directions printed on face. Signals correct temperature limits.

Attractive Egg Cartons

Specially designed by leading U.S. carton mfr. Strong, sturdy, protects against egg breakage. Easy to set-up and close. Positive locking. Packs 30 dozen to standard egg case.

Handy Egg Cleaning Brush

60¢ Value! New plastic design with sponge rubber cushion for less egg breakage and faster cleaning. Whisks dirt from eggs to avoid price discounts.

FOR SPECIAL LOW PRICES ON THESE AIDS . . . MENTION OR TAKE THIS AD TO YOUR WAYNE DEALER

YOUR CHOICE OF

7 High Efficiency Egg Feeds!

MASH-SCRATCH: Feed *Wayne Egg Mash* 50 50 with farm grains. Nutritionally balanced. No mixing or grinding necessary.

ALL-MASH: Feed *Wayne Universal Egg* straight from bag. Complete. Every bite balanced. No scratch grains needed.

NOON FEED: Feed *Wayne 26% Egg & Breeder* on top regular feed. No moist mash needed. Boosts feed intake, holds body wt.

CAGED LAYERS: Feed *Wayne Cage Layer*. Special formula meets needs of high producing hens under exacting conditions.

BREEDERS: Feed *Wayne Breeder Mash* to flocks held for producing hatching eggs. Start feeding 30 days before saving eggs.

TROUBLE SHOOTER: Feed *Wayne H-A-D Krums* (High Antibiotic Diet) Boosts appetites & feed intake at times of stress.

CONCENTRATES: Let your Wayne Feed Dealer tell you how to use *Wayne Poultry Mixer* if you have abundant grain.

WAYNE FEEDS

ALLIED MILLS, INC., Executive Offices: Chicago 4, Ill. Service Offices: Ft. Wayne 1, Ind.

Tested and Proved by Wayne Research Farm Division and Thousands of Users

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